



EUROPEAN NEWS

Poland presses for credit from West

By Christopher Bobinski
POLAND IS still looking to Western governments and commercial banks for credit this year in the wake of the agreement, initiated last week with the Paris club of creditor nations.

Mr Zbigniew Karz, Poland's top financial negotiator, said here this week that the rescheduling programme can be made to work on the assumption that Western governments provide \$750m-\$1bn in fresh credit this year.

At the end of 1985, Poland's Western debt stood at \$29.3bn. Two meetings with commercial banks this year have been devoted to exploring the possibility of new credit, Mr Karz confirmed.

"With our application to the International Monetary Fund now well on its way and the Paris club agreement initiated, the path to new bank credits should be easier."

He saw "no organisational or technical reasons why Poland's application should not be voted on within the next few months."

Referring to Western government demands that Polish debt service policy should favour government and banks equally, Mr Karz said: "Our government is interested in the same thing as the Western governments."

"Even though the banks were the first to resume credit talks after martial law in 1982, they have indeed been sparing in their provision of fresh credit since then, even though Poland has regularly met all its commitments," he said.

Gonzalez wins Nato victory, but at some cost to his reputation

BY DAVID WHITE IN MADRID

"EVERYTHING READY for the ceremony of confusion," proclaimed the extreme-right daily newspaper El Alcazar on the eve of Spain's Nato referendum. The newspaper had joined the far left in calling for a "no" to staying in the alliance.

Instead, after a vote which gave the Government a 13-point advantage for maintaining Nato membership, Spain's political scene is suddenly and unexpectedly serene.

"The Nato issue is now buried once and for all," said a Socialist policy-maker yesterday. "That is very important, including from the right's point of view."

Mr Felipe Gonzalez has demonstrated that after more than three years as Prime Minister he is still head and shoulders above his political rivals.

The referendum—an event of his own creation, following his earlier opposition to Nato—turned into the biggest burden of his career. The huge last-minute swing in favour of membership was undoubtedly his doing more than anybody's.

However, the remarkably easy margin by which he won (83 per cent to 40) could be an invitation for a backlash vote against him in the general election later this year.

SPANISH STOCK markets, already riding on the worldwide surge in prices, reacted to the referendum result with records for daily rises yesterday. The Madrid general index climbed 6.78 points to show a \$0.23 per cent rise since the beginning of the year.

The biggest pro-Nato response came from Socialist-controlled regions of southern Spain—Castilla-La Mancha, Extremadura and Mr Gonzalez's own Andalusia—where "yes" votes outnumbered the "noes" by two to one.

The sharp contrast between pre-election polls, which gave a majority of six or more points against Nato, and the actual result does not necessarily mean the pollsters botched their job.

Negative opinion polls probably helped, in fact, to bring out the pro-Nato vote, amid fears that a "no" result might serve the ends of anti-democratic forces in Spain.

The Government used all its big guns and every argument it could marshal—even that way of life as citizens—to win the day.

It would be logical for the Government now to wait until the autumn, when its four-year mandate expires, to hold the general election.

others voted against Nato—including Mr Nicolas Redondo, leader of the UGT trade union and a Socialist MP.

By converting the party majority to Nato, Mr Gonzalez has completed the process of bringing it into the European social-democratic mainstream.

The leading Madrid daily newspaper, El Pais, said yesterday that the Socialist party should not be carrying its head high but asking for forgiveness from a country which it forced to go through something it did not deserve.

In a bid to repair divisions, Mr Gonzalez has proposed a post-referendum political consensus on peace and security policy.

to stick to the conditions which he attached to the Nato vote. By remaining outside the alliance's integrated military command structure, Spain will keep its distance from the rest of Nato.

The Government can be expected shortly to propose ratification of the nuclear non-proliferation treaty. Mr Gonzalez has promised to maintain the ban on having nuclear weapons in the country.

As the pacifists, Communists and far left now turn their attention to Spain's US bases, the Government will be under pressure to obtain significant reductions in the 12,000-strong American military presence.

David Marsh in Paris charts the election chances of two members of the famous French Dassault family

Man with the magic name has no need to campaign

MR MARCEL DASSAULT has all the necessary qualities to increase his normal comfortable margin of victory in Sunday's French general elections—wealth, fame, extraordinary success in building very fast aeroplanes and a surrealistically simple set of solutions for beating unemployment.

At 94, the founder of the world-famous military jet-maker which bears his name and in which he still has a 49 per cent stake is the oldest and probably most predictable candidate. Now that he is no longer merely a legend but has entered the realms of mythology, Mr Dassault does not need to campaign. He simply exists.



Son Serge (left) and father Marcel... this time a successful double act.

Under the previous system voters were asked to choose local deputies with close knowledge of their constituencies. Mr Serge Dassault, the chairman of the highly profitable Electronique Serge Dassault military and civil electronics company, which gives work to about 80 companies in the Essonne, tirelessly capitalises on the Dassault name in his well-financed election campaign.

talking to him during an electoral walk-about in the Essonne last week was however unsure of the exact relation between the candidate and his famous father.

Serge claims to be an economic liberal but offers a string of interventionist inducements—including full-hearted support for farmers, small shopkeepers, artisans, mothers, train travellers and architecture lovers in his election platform.

Not surprisingly for a member of a family which has made a fortune out of arms contracts, Dassault junior also calls for a lifting of all weapons embargoes outside the Soviet bloc and a significant increase in French defence spending.

But it is his local appeal at the head of a dissident right-wing grouping which is likely to give him around 10 per cent of the departmental votes on Sunday—enough, under the PR system, to join his father in the Assembly.

As befits a man who has out-lived many younger Oise political stablemates, Marcel has neither need, desire nor capacity for election walkabouts. His one planned personal appearance—in the

campaign, at a meeting in Beauvais on Monday night, was called off because he had flu.

That did not stop Mr Jacques Chirac, the RPR leader and most probably the next French Prime Minister from raising prolonged applause from the noisy crowd in a circus tent when he paid homage to the magic name.

A few hours earlier, outside in the March sunshine, there was no doubting the attachment of the people of Beauvais to the man who, over the past few decades, has poured millions of francs into constructing parks and swimming pools, dispatching cheques to local clubs and sending voters regular copies of his nostalgia, gushing glossy magazine, Jours de France.

Out of 12 local people randomly stopped in the street only one said anything unkind about Mr Dassault—although several thought he might be getting a bit old for the job.

"He's a good deputy—he sends packages to old people," said one lady, herself getting on in years, helping a friend to trundle an antiquated wooden shopping trolley outside the cathedral. "He's better than some half his age—alas."



has built a swimming pool—no, two," said one. "He's old, but not senile," said the other—proof that, as France prepares for a change of government, genteel paternalism is still a force to be reckoned with.

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Call to pass on benefits of cheaper crude

ECONOMIC policy officials from the main industrialised countries agreed in Paris yesterday that the benefits of cheaper crude oil should be passed on to consumers through cuts in petrol prices...

French jobless fall

French unemployment declined by 0.4 per cent last month on a seasonally adjusted basis according to the Labour Ministry...

Exchange controls

France is now in a position to abolish exchange controls to help create a unified European monetary market...

M'Bow opposed

EEC countries have decided to try to block Mr Amadou Mahtar M'Bow's bid for a third term of office as director general of Unesco...

Brandt inquiry

State prosecutors in Bonn said yesterday they were considering opening a formal investigation into whether Mr Willy Brandt, former West German Chancellor...

Greek strike warning

Greek industry has warned that a nationwide lorry drivers' strike, which entered its 24th day yesterday, is starting to affect production in many sectors...

Stoppage averted

The Cyprus Government has averted a series of strikes and lock-outs over the issue of cost of living allowance payments...

French agree on financing for TV satellite system

BY PAUL BETTS IN PARIS

THE FINANCING programme for France's direct broadcasting by satellite (DBS) system was completed yesterday clearing the way for the launch of the first satellite...

New foreign investment law for Turkey

By David Barchard in Ankara

THE Turkish Government yesterday introduced a new framework decree for foreign investment, replacing similar decrees issued in the early 1980s...

Moscow urges pact on satellites

BY WILLIAM DULLFORCE IN GENEVA

THE SOVIET UNION yesterday proposed that an international agreement be negotiated guaranteeing the immunity of satellites circling the earth and prohibiting anti-satellite weapons in space...

Finland hit by biggest strike in 30 years

By Olli Virtanen in Helsinki

FINNISH industrial companies and all transport of goods were halted yesterday when the country's Central Organisation of Labour Unions (SAK) started a general strike...

Carlsson holds Sweden to Palme's course

BY OLLI VIRTANEN IN HELSINKI

SWEDEN'S NEW leader, Mr Ingvar Carlsson, yesterday presented an unchanged government and policies faithful to those of his assassinated predecessor...

Central bank cuts discount rate to 8.5%

By Our Stockholm Correspondent

THE SWEDISH central bank yesterday lowered the discount rate by one point to 8.5 per cent, the second reduction this year...

US super-computers for Germany, France

BY PAUL BETTS IN PARIS

THE UNIVERSITY of Stuttgart in West Germany will be taking delivery later this year of the first model of the US Cray-2 super-computer to be sold outside America...

Further EEC aid for British steel regions

BY PAUL CHEESERIGHT IN BRUSSELS

SIX AREAS of Britain, depressed by the rundown of the steel industry, are to receive a further Ecu 12m (£7.7m) from the European Community Regional Fund...

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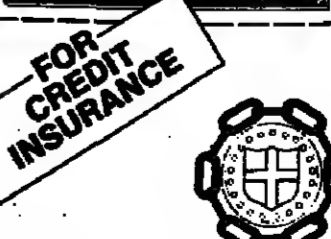
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12 21 22 26 27 30 39 46 52 56 61 64 67 69 72 84 85 86 88 91 92 93 95 98

On April 15, 1986, the Notes designated above will become due and payable at the aforementioned redemption price and will be paid, upon presentation and surrender thereof together with all coupons appertaining thereto maturing subsequent to the redemption date, at the option of the holder, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt/Main, London and Paris and at the main offices of Swiss Bank Corporation in Basle and Kredietbank S.A. Luxembourg.

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Crocker takes firm line against Pretoria

By Elizabeth Dale, US Editor

MR. CROCKER, US Assistant Secretary of State for African Affairs, has delivered one of the Reagan Administration's toughest attacks so far on the Pretoria Government...

Testifying before the House Foreign Affairs Subcommittee on Africa, Mr. Crocker also, surprisingly, said that the Administration regards militant members of the African National Congress as "freedom fighters in the generic sense."

The term "freedom fighters" has hitherto been reserved by the Administration to denote approval of anti-communist rebels in countries such as Nicaragua and Angola...

Mr. Crocker, the Administration's senior official for African affairs, denounced the Pretoria Government as guilty of a deliberate "spam" in signalling willingness to negotiate with the country's black majority while imposing restrictive banning orders on black leaders.

He said that the US "condemns in the strongest possible terms" Tuesday's banning orders against Mr. Henry Fazzolari and Mr. Mkhutshali Jack, two moderate black leaders...

Mr. Crocker replied affirmatively when asked if the Administration would support a black majority rule, with safeguards for the white minority...

A State Department spokesman, however, said the Mr. Crocker had not meant to get ground in his statement and had simply meant that a democratic constitution, which the Administration has long urged, "implies majority rule with built-in protection for minority rights."

Summit delay considered

By Our US Editor

PRESIDENT REAGAN yesterday for the first time indicated that he was prepared to consider holding the next US-Soviet summit much later this year than originally envisaged...

Mr. Reagan repeated, in an interview with the Baltimore Sun, that a Soviet suggestion of September was "very difficult, inconvenient for us," because it would be too close to the US mid-term congressional elections in early November...

Asked, however, whether a date after the election would be possible, Mr. Reagan replied that "we'd listen to that and look at it."

GARCIA VISITS ARGENTINA

Mixed reception for Peruvian razzmatazz

BY JIMMY BURNS IN BUENOS AIRES

IT TAKES two to tango, but one partner can always step on the other's toes. Such a thought has been troubling Argentine officials as they prepare to host the state visit by President Alan Garcia of Peru.

On the surface there is much that binds Argentina and Peru. Quite apart from strong historical ties dating from Spanish colonial times, the two countries have governments committed to parliamentary democracy, regional peace, and Latin American unity.

But Buenos Aires is worried by the political implications of Mr. Garcia's attempts to rival Mr. Raul Alfonsin in his battle for the hearts and minds of Latin Americans on the issues of debt and Central America.

Mr. Garcia, who arrives in Buenos Aires today, has in fact secured only lukewarm support for his international efforts from other Latin American governments.

The big debtors have so far steered clear of unilateral action against creditors, and no one has offered troops for the proposed peacekeeping force on the Nicaraguan border as quickly as Mr. Garcia has done.

But Mr. Garcia has some powerful allies. Recent posters printed by the Argentine trade union movement proclaimed: "Alan Garcia, the president we deserve."

The opposition Peronist Party has recently struck a common cause between the populism of Mr. Garcia and the "golden years" of the late General Juan Peron. Parallels have also been drawn between Mr. Garcia's

'Risky' banks to pay doubled premiums for federal insurance

BY WILLIAM HALL IN NEW YORK

THE Federal Deposit Insurance System (FDIC), which insures the deposits of America's 15,000 banks, plans to charge troubled banks double the normal premium for deposit insurance.

The move to a risk-based deposit insurance system was one of several major changes in the US deposit insurance system unveiled yesterday by Mr. William Seidman, the recently appointed chairman of the FDIC.

His agency announced earlier this month that it had set aside \$2.3bn to cover last year's record number of bank failures and the FDIC has for some time been seeking ways to force troubled banks to shoulder a higher burden of the cost of deposit insurance.

Speaking in front of the Senate Banking Committee yesterday, Mr. Seidman called for a two-tiered, risk-based premium for deposit insurance that would require "risky" banks to pay 2 1/2 per cent of their domestic deposits to the FDIC instead of the current 1 1/2 per cent.

Banks whose operations are deemed to be "risky" by the FDIC would be forced to pay the higher premiums and this would curb their ability to expand as fast as healthy banks. The FDIC has been seeking support for the concept of risk-based premiums for some months but several banks are known to be

lieve that idea is flawed and will put an unusually heavy burden on the FDIC to decide which banks are "risky" and should pay a higher premium.

The problem of reforming the US deposit insurance system is one of the central questions currently facing US banking regulators. The 1984 run on Continental Illinois, the eighth largest US bank, underlined the very serious problems with the current system of deposit insurance.

The cost of the FDIC-led rescue of Continental Illinois has not yet been calculated but it could well run into the billions of dollars range and this has forced the FDIC to re-consider ways of mounting a rescue of large troubled banks.

One of the problems of the Continental rescue was that local Illinois banking laws prevented a healthy out-of-state bank from taking over Continental until it was too late.

Mr. Seidman yesterday called on Congress to change several laws which would facilitate its handling of bank failures. He requested that the FDIC be allowed to operate a bank for a limited period of time as a "bridge" before a new owner could be found to take over the failed bank.

Joe Mann reports on the effect of the oil price fall on Venezuela Caracas scales down its horizons

Opec's falling apart. Oil prices won't rise. This is a real mess. How're we going to survive?

While overstating the dilemma, this song, recently on one of Caracas's most popular television satire programmes, reflects the concerns of many Venezuelans and foreigners about the country's future.

The recent collapse of oil prices has sent shock waves through the nation, pushing the Venezuelan economy to its weakest point ever and raising questions about the Government's ability to meet domestic and foreign commitments.

Before the price collapse, the Administration of President Jaime Lusinchi projected oil export earnings of around \$12.6bn for 1986, slightly below those in 1985.

However, Petroleos de Venezuela, the state oil monopoly, has been forced to cut prices repeatedly.

The average price for the country's oil exports now stands at about \$15.50 per barrel, compared with \$25.80 in 1985. No-one knows how much oil earnings will be this year, but the Government recently said it now expects a level of around \$8.5bn.

Although the Administration counts on another \$3bn from non-oil exports, loans and other sources, around 60 per cent of its revenues come from oil taxes, and petroleum exports last year accounted for 90 per cent of total exports.

In comparison with the rest of the developing world, however, Venezuela still enjoys an enviable position. Even though the domestic economy has been in a recession since the end of the 1970s and unemployment currently stands at the uncomfortable level of around 12 per cent, the external accounts are in excellent shape and a major debt-restructuring agreement was recently signed with foreign banks.

Venezuela ended 1985 with a current account surplus of \$3.9bn, high foreign currency reserves, now at \$13.6bn, and an inflation rate of 9.1 per cent, which is not viewed as a serious problem.

Although the long recession has lowered the standard of living for most Venezuelans, the country does not suffer from widespread poverty or from political or social upheaval. Even if oil exports this year fall below the Government's current target of \$8.5bn, revenues plus reserves still give a considerable margin of safety.

Of course, the Government has acquired some substantial commitments. It has signed a foreign debt-restructuring agreement covering about \$20bn, out of total public-sector debt estimated at \$25.7bn.

VENEZUELAN ECONOMY table with columns for 1985 and 1984, rows for GDP, Oil exports, Foreign reserves, Current account surplus, Unemployment.

ever, Venezuela still enjoys an enviable position. Even though the domestic economy has been in a recession since the end of the 1970s...

Aside from paying \$4.38bn this year to service its own foreign debt, the Government is supposed to provide large sums of foreign currency to private-sector borrowers at subsidised exchange rates so that they can repay foreign loans.

The Administration must also pay for merchandise imports, worth \$6.6bn last year, and pump dollars into the free exchange market. Even more important, it must make sure it has enough left over to pay for domestic current spending and investments.

Priority is being given to development projects and a programme aimed at creating tens of thousands of new jobs, stimulating demand and moving the economy into positive growth.

Mr Lusinchi has faced heavy political pressure on the debt issue, now formally resolved after three years of uncertainty. The chief opposition party—the Christian Democrats (Copei)—asked the Government to delay the debt restructuring agreement until the petroleum outlook becomes clearer.

Other opposition groups, some labour leaders and even members of the President's Democratic Action party pushed publicly

and privately for more time or for re-negotiations. The government, however, was eager to "normalise" the debt situation in order to re-establish its international credit rating and lower overall debt service costs, and signed the restructuring agreement late last month.

The most frustrating element for the Government is the fact that by choosing to pay the banks, it will have far less money to spend on a still-lagging domestic economy.

Mr Lusinchi, a pediatrician turned politician, was elected to a five-year term in 1983 on a platform based on the promise of restoring growth and reducing unemployment.

The President has been unable to spur any significant domestic growth, but has halted the decline and boosted output in areas such as agriculture and industry.

Under all but disastrous conditions, it should be able to pay its debts, and move ahead using its own financial resources, supplier credits and some new borrowing. But unless the Lusinchi administration wants to face several more years of near-zero economic growth, it must take steps to encourage private sector confidence in the economy.

After more than two years in office, Venezuelan citizens still prefer to keep billions of dollars offshore, at a time when their nation is in serious need of new investment. It is a serious criticism of the Government's approach.

Reagan denies pressing for shuttle flight

By Nancy Dume in Washington

PRESIDENT Ronald Reagan has denied persistent reports that the White House put pressure on the space agency Nasa to launch the ill-fated shuttle Challenger on January 28 so it could be mentioned in his State of the Union message that night.

In an interview published yesterday in the Baltimore Sun, Mr Reagan said the White House had never pushed the space agency to meet schedules for shuttle launches.

However, White House officials have acknowledged receiving a Nasa recommendation in early January that the President mention in his speech the voyage of Mrs Christa McAuliffe, the "teacher in space." Mr Patrick Buchanan, the White House Director of Communications, told the New York Times that Nasa's recommendation was just one received among several from 18 federal agencies.

The Challenger was to be mentioned in the State of the Union only in connection with an experiment prepared by a college student which was to be conducted on the flight.

Meanwhile, the Congressional Budget Office (CBO) has estimated that it will cost \$5bn over five years to construct a new shuttle and diversify the space programme to include more unmanned booster rockets.

Peru to pay interest to bank creditors

By Peter Montagnon, Euromarkets Correspondent

Peru has promised to make an interest payment to its commercial bank creditors next month, the first on its medium-term debt since President Alan Garcia took office last year.

The commitment was made at a meeting earlier this week between Dr Gustavo Sabebein, head of the External Debt Committee, and the Citibank-chaired committee of lenders' creditors.

Bankers said that Peru did not specify the amount it would pay, but the move is seen as a gesture of goodwill designed to prevent a further deterioration in relations between the two sides. Arrears on interest now exceed \$400m (\$272m).

The payment is in any case expected to be a token one as Peru continues its policy of limiting debt service payments to 10 per cent of exports.

Dr Sabebein also told the bankers that Peru would present new proposals for restructuring its \$16bn foreign debt by early June at the latest. What is unclear, however, is whether this will be backed up by a reduction of its current policy of refusal to adopt an International Monetary Fund economic stabilisation programme.

US retail sales down US retail sales fell 0.1 per cent in February after a 0.2 per cent decline in January, the Commerce Department reported yesterday. Reuters writes from Washington.

The way they make money differs.

Advertisement for Burroughs computers. Includes text: 'These days, controlling costs while becoming more productive and competitive is the mission of every business man.' Images of a car and a computer terminal. Logo for SOthebys and Marston's Brewery.

But the way they save it doesn't.

Advertisement for Burroughs computer monitors. Includes image of a computer monitor and keyboard, and the Burroughs logo.

WORLD TRADE NEWS

Oil price collapse deepens hostility between Opec countries

BY RICHARD JOHNS

"IT IS HIGH time for reconsideration of ways and means of restoring stability to the oil market," ended the statement issued last week by the royal court of Saudi Arabia. Riyadh is usually somewhat oblique in its pronouncements, but not actually inscrutable. But the little publicised text made it categorically clear that the Kingdom believes that the slide in prices has gone far enough. The timing also indicated that Saudi Arabia is looking to the ministerial conference of the Organisation of Petroleum Exporting Countries (Opec) starting in Geneva on Sunday to help reverse the trend. It is difficult to see how it can in the short-term, but stronger and more explicit Saudi commitment, repeating what Sheikh Ahmed Zaki Yamani, the country's Oil Minister, said in the Far East late last month, may buy up prices. The perception that the Kingdom was trying to drive them down has been a major factor depressing the market, and reducing spot transactions to almost zero. Company stocks are at a very low level and may need replenishing, but in practice, no-one at the Geneva meeting, least of all the Saudi Minister of Oil, can expect any immediate and dramatic turnaround in Opec's fortunes. All that is certain is that there will be as bruising a battle as any in recent years between the group of Arab conservative Gulf producers led by Saudi Arabia and the so-called militants—Iran, Libya and Algeria—which were sceptical about the move to recover market share and are now bitterly opposed to the policy. One aspect of the tactics of the "price-warfare" camp may be to shock other members into greater discipline at a future date, but the strategy is based mainly on nothing more than the conviction or hope that other producers, including the UK and Norway, will be frightened by fiscal and other ravages into collaboration with Opec in limiting production on a global basis. The Saudi statement said that an increase in prices would "only happen" if there was collaboration. In a recent interview Sheikh Ali Khalifa al-Sabah, Kuwait's Minister of Oil, said: "Producer or later—tomorrow, in six months or maybe more, all producers will appreciate that they do not benefit from the present situation and that an agreement is necessary." Given the UK's pivotal position and adamant refusal to con-

template any such thing, other Opec members can be forgiven for being sceptical over whether a global share-out can be achieved. At its January meeting, Opec failed to agree precisely what volume constituted a fair market share. There was a vague consensus on a minimum of 17.5m barrels a day (b/d), compared with the ceiling agreed in October 1984 of 25m b/d. This more or less equated with actual demand for members' oil in 1985 and remains in force. As it is January policy, designed "to secure and defend for Opec a fair share in the world's oil markets," has so far had little effect on the market. Opec production has declined from nearly 18.5m b/d in December to little more than 17m b/d in February. Worse, especially for the poorer, indebted states with large populations, prices have plummeted by roughly half. On an annual basis, if they remain where they are, the 18 producers stand to lose in excess of \$50bn this year or over a third of their 1985 earnings from crude, condensates and natural gas. Meanwhile, the three main confrontations have fared better than most in raising their output. Saudi Arabia's rate should more or less match the 4.35m b/d maximum allowed under the 1984 accord, which has always been regarded as hugely disproportionate by other members, particularly Iran and Algeria. Kuwait's output is understood to have reached about 1.4m b/d, compared with its allocation of 900,000 b/d. The UA's production has surged to the same level against a quota of 950,000 b/d. Resentment about their comparative success will be exacerbated by the voice of compromise. Mr Arturo Hernandez Grisand, its Minister of Energy, has called for a flexible system of prices "related to the market which can be applied by all countries." The chance of a movement towards compromise over an overall output rate and individual quotas looks remote, but Saudi Arabia's evident determination to continue pumping at 4.35m b/d, Con-

sequent restriction of output to 10m b/d. Although it has a desperate shortage of foreign exchange, this may be making a virtue out of necessity. Nigeria this week publicly declared it was in favour of restraining output, and the pressure on nearly all the others will ensure the four Gulf states will be in a clear minority. Venezuela, as usual, can be expected to be the voice of compromise. Mr Arturo Hernandez Grisand, its Minister of Energy, has called for a flexible system of prices "related to the market which can be applied by all countries." The chance of a movement towards compromise over an overall output rate and individual quotas looks remote, but Saudi Arabia's evident determination to continue pumping at 4.35m b/d, Con-



Sheikh Ali Khalifa al-Sabah, Kuwait's Minister of Oil, said in the Far East late last month, may buy up prices. The perception that the Kingdom was trying to drive them down has been a major factor depressing the market, and reducing spot transactions to almost zero.

NOTICE OF REDEMPTION To the Holders of Wells Fargo & Company 12 1/4% Subordinated Notes Due December 27, 1991, Series A

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 4 of the Series A Notes and Article Three of the Indenture dated as of December 27, 1984 between Wells Fargo & Company and Morgan Guaranty Trust Company of New York, Trustee, U.S. \$5,005,000 principal amount of the Notes has been selected for redemption on April 15, 1986 at a redemption price of 101% of the principal amount thereof, together with accrued interest to the date of the amount of U.S. \$3,788 for each \$1,000 principal amount, as follows:

Table with columns for Outstanding Notes of \$1,000 Each Bearing the Following Distinctive Numbers. The table lists numerous numbers in columns, representing individual notes for redemption.

Payment will be made in U.S. dollars on and after April 15, 1986 upon presentation and surrender of the above Notes with coupons due December 27, 1986 and subsequent coupons attached, subject to applicable laws and regulations, at the offices of the Trustee in London, Brussels, Frankfurt am Main and Paris, Swiss Bank Corporation in Basle and Kreditbank A.S., Luxembourg-branch in Luxembourg. Payments may, at the holder's option, be made by a check drawn on a dollar account of the Trustee in New York City or by transfer to a dollar account of the Trustee in any city.

On and after April 15, 1986 interest shall cease to accrue on the Notes herein selected for redemption and all conditions precedent to such redemption shall have occurred.

Dated: March 14, 1986 WELLS FARGO & COMPANY

Sony plans Austria disc factory

BY PATRICK BLUM IN VIENNA

SONY, the Japanese electronics group, is to establish a compact disc manufacturing plant in Austria as part of a move to consolidate its presence in Europe. The plant, which will be built in Salzburg, will be known as Sony Europe, emphasising Sony's desire to establish itself firmly in the European compact disc market. The plant to be built in Salzburg will be known as Sony Europe, emphasising Sony's desire to establish itself firmly in the European compact disc market.

India agrees record foreign deals

BY JOHN ELLIOTT IN NEW DELHI

A RECORD number of 1,024 new technical and financial collaborations with foreign companies were approved by the Indian Government in 1985, with companies from the US and West Germany topping the list. The UK has more collaborations than any other country because of its long association with India. By on present trends, it could be overtaken within three or four years by the US, which has a total of 1,895.

Imports take 38% of French car market

BY PAUL BETTS IN PARIS

FOREIGN CAR manufacturers gained a 38 per cent share of the French car market during the first two months of this year, consolidating their leadership in the domestic market. Peugeot makers had secured a 36.8 per cent penetration of the French market last year ahead of both Peugeot, the French private group, and the state-owned Renault.

Computer pact

India has signed a major deal with Control Data Corporation of the US for manufacturing advanced mainframe computers in India, the New Delhi Government said. The agreement provides for the manufacture of 100 mainframe computers over a five-year period.

Dragonair plea for London services wins backing

BY DAVID DODWELL IN HONG KONG

HONG KONG'S Director of Civil Aviation yesterday endorsed the application of Hong Kong Dragon Airlines, the fledgling aviation group, to operate scheduled services between Hong Kong and London. The one-aircraft company's application has been processed by Hong Kong's Air Traffic Licensing Authority, (ATLA) where it is almost certain that the application will be approved.

EEC split slows shipping move

BY PAUL CHEESEBRIGHT IN BRUSSELS

SHARP DIFFERENCES among the European Community countries on how to regulate their local shipping are preventing them from deciding how to protect their fleets from unfair competition on the international routes. Community ministers will today try again to unravel this paradox as they move into a new round of discussions on the formation of a common maritime policy.

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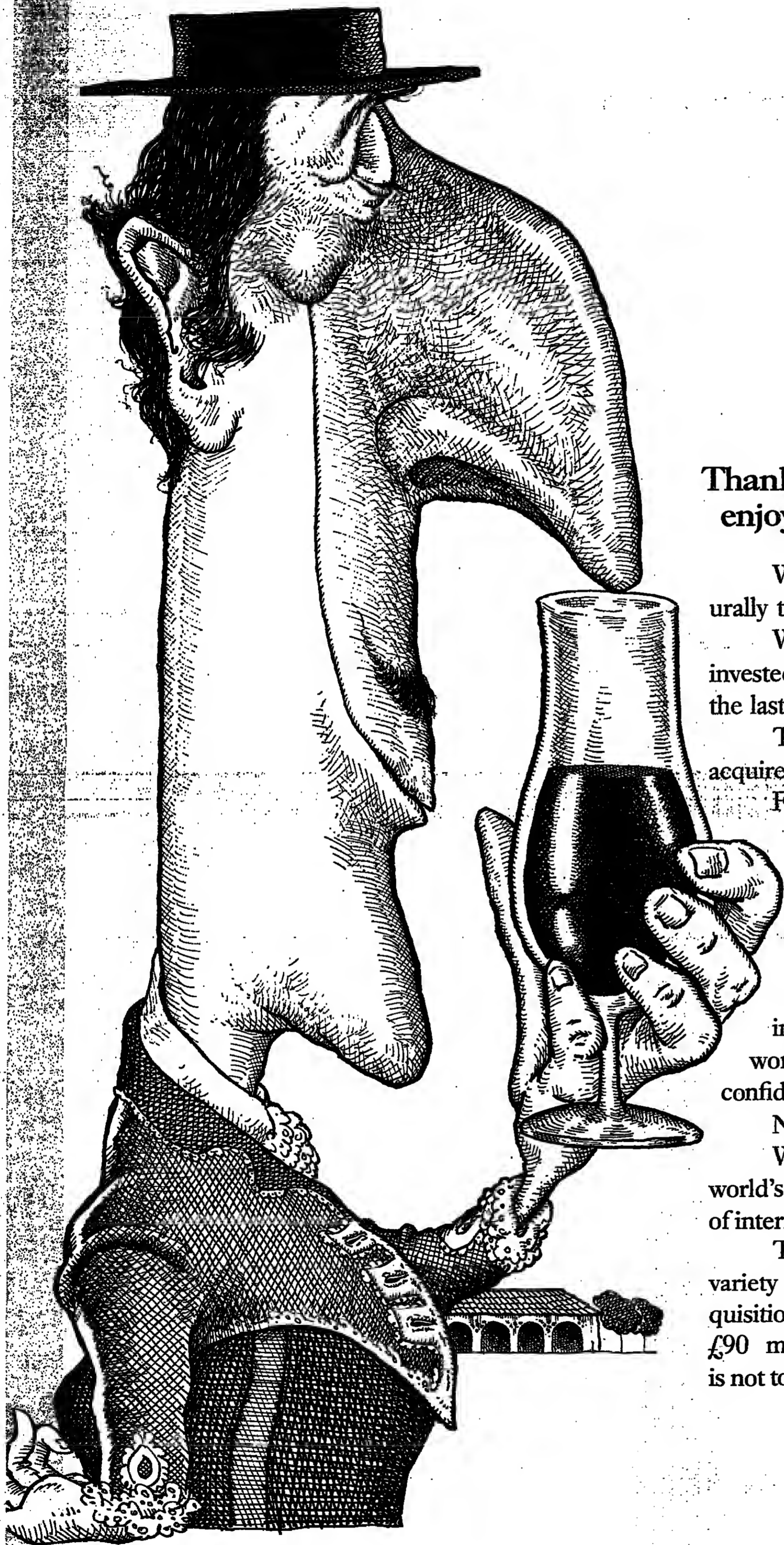
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GOING ON GROWING

UK NEWS

Japanese plan to create 5,000 jobs in Britain

BY HAZEL DUFFY

OVER 5,000 jobs will be created in the UK by Japanese companies this year and next through the expansion of existing plant and new manufacturing activities.

This prediction is made in a survey of 107 Japanese companies, all of which have a thorough knowledge of the UK through existing businesses.

Over 3,300 jobs are planned in the manufacturing sector with the rest in services.

Wales, which already accounts for over 3,500 of the existing 10,000 manufacturing jobs in the UK held in Japanese companies, will gain 900 jobs.

Scotland will gain 700 and is the location most favoured by Japanese companies planning to set up manufacturing.

Some 500 jobs are planned for the West Midlands. London and the south-east of England will benefit most from the planned expansion of the services sector with some 1,200 jobs.

The survey describes the confidence shown by Japanese companies towards Britain as "striking." Of the total, 80 companies owned "reliable and quality supplies" as the most crucial factor for a Japanese company considering a manufacturing base in Europe, followed by "good supply of skilled labour" (76 companies), and "good labour relations" (72 companies). Only 27 companies named "high financial assistance" as a critical factor.

Japanese industrialists continue to view West German suppliers as the best for quality and reliability,

which indicates that Germany is the UK's strongest competitor for attracting Japanese investment. However, 43 per cent say that Britain is the country in Europe which offers the best investment opportunities.

Of those that did not favour the UK most, 23 companies said that Germany offered equal or better opportunities than the UK, 12 named the Netherlands and 10 Ireland.

Electronics companies emerge at the top of the list of companies planning new facilities. Two other sectors planning expansion are categorised under "machinery" and "optical/photographic."

Japanese direct investment in the UK 1986-87. Available from Economic Development Briefing, PO Box 625, London NW3 2ZG, C85.

Philip Stephens previews Mr Lawson's budget options for the financial markets

**City of London fears tax on transactions**

THE RECENT euphoria in London's financial markets ahead of the budget and an expected cut in interest rates has masked a distinct unease that the City of London might not escape unscathed when Mr Nigel Lawson, the Chancellor of the Exchequer, stands up in the House of Commons on Tuesday.

Both the politics and the economics of the Chancellor's third budget have seemed to point to a new tax on the City. The big banks, which earlier this month unveiled record profits, have been quietly but actively lobbying behind the scenes to discourage any attempt to create off a percentage for the Exchequer.

What is clear is that the Treasury, facing a huge hole in its finances after the fall in North Sea oil revenues, has been analysing the possibilities for a new financial services tax.



Far less certain is whether it has managed to jump the legal, political and administrative hurdles which have wrecked many previous plans to increase the tax burden on banks and building societies.

The attractions of a financial services tax are obvious. Public money is tight, six-figure City salaries have hit the headlines and Mrs Margaret Thatcher, the Prime Minister, has made it clear that it is time for the Government to do something for the lower paid. The political logic in Whitehall does not differentiate between trying to claw something back from the £100,000 a year Eurobond trader and taxing banks or building societies.

Perhaps more important, Mr Lawson is under great pressure to give something to the City ahead of the Big Bang in October which will

mark the internationalisation of London's securities markets.

In 1984 he cut the stamp duty on share transactions from 2 to 1 per cent. Now he is facing demands that, to ensure the success of the Big Bang, he must halve it again or remove it altogether.

The fine margins that securities traders will have in the new environment, the argument runs, will result in business being driven offshore if stamp duty is not phased out.

Reducing the charge would also fit in with the Government's ambition to create a "new army of capitalists" by tempting far more investors into the shares market.

The problem is that cutting stamp duty can be seen as the Government doing out more money to a City already awash with

cash. That at least is how the Labour Party would characterise it and there are many on the government side who fear that such propaganda would prove effective.

One possible way out for the Chancellor would be to package a reduction in stamp duty in a much wider range of incentives to help the small shareholder. There has been considerable speculation that Mr Lawson would like to introduce something comparable to France's Lot Monroy, which gives tax breaks for investments in the securities market.

That, however, would still not measure up to the "budget for the nurses" which Mrs Thatcher has foreshadowed.

Clawing back something from the City might, along with increases in taxes on petrol, alcohol and tobacco

provide enough cash to allow some increase in income tax thresholds over and above that needed to keep pace with inflation, or possibly the introduction of a lower-rate tax band.

The banks are fairly confident that the Chancellor will not impose a "windfall tax" comparable to that announced by Sir Geoffrey Howe in 1981, while an extension of value-added tax to financial services is prohibited by European Community law.

In the wake of the international debt crisis the banks, nudged by the Bank of England, have been steadily building up their capital base. To introduce a windfall tax now would hardly be consistent. A charge directed at the banks would also run counter to the efforts over the last two years to promote greater

competition between banks and building societies.

The banks therefore suspect that Mr Lawson has been examining two main options for a transactions tax which would embrace both banks and building societies.

The first might be a small charge levied on customer-origined entries - cheques, cash withdrawals and payments made from bank or building society accounts. The second could be a tax embracing all entries on account holders' statements, including payments such as salary transfers made by third parties.

Both would have to be administered by the banks and the extra cost would inevitably be passed on to the customer, either through a reimplosion of standing charges or, more likely, through a widening of the differential between loan and deposit rates.

The clearing banks believe that a transactions tax is a plausible option, particularly since the Treasury is known to have been sifting through vast amounts of data passing through the City's clearing systems.

Their hope is that Mr Lawson will realise that, in the new environment in the City, a tax on one aspect of their business will simply result in it being transferred.

"Any special tax will be inefficient, unfair and probably against stated government policies of one sort or another," says one clearing bank official with an obvious interest. Perhaps more important, the Exchequer may find that its tax-take in the first year is worthwhile but, two or three years later, has dwindled to virtually nothing.

**Nuclear waste options outlined**

BY DAVID FISHLICK, SCIENCE EDITOR

SEA dumping and shallow burial of Britain's radioactive waste are described as the "best practicable environmental option" (BPEO), in a study published by the Department of the Environment.

Environment Department scientists conclude shallow burial is the BPEO for over 80 per cent by volume of low and intermediate level radioactive waste produced in Britain.

The study says near-surface disposal - proposed for four potential new UK repositories announced last month - of low level and some

intermediate level waste generated in Britain is economically and radiologically attractive.

Deep disposal is needed for more radioactive and longer living intermediate level waste.

The study says sea disposal of waste containing a low level of plutonium is the BPEO at least until it can be reduced in volume and packaged in a suitable way to make deep underground disposal more economically attractive.

Sea disposal of waste contaminated with tritium, arising from industrial processes, would also be the

BPEO provided the waste contains little carbon-14.

Britain has 3,000 tonnes of radioactive waste packaged for sea dumping in 1983, when the operation was halted by union action.

Sea dumping would cause no detrimental health effects over the next 10,900 years, and would cost only £20m more than the cheapest possible disposal strategy, the study says.

**Assessment of Best Practicable Environmental Options for management of low and intermediate-level solid radioactive wastes. Published by HMSO, £3.85**

**Interest rate cut 'delayed by budget'**

A CUT in interest rates was being delayed by the Government to add extra sparkle in a budget in which the Chancellor of the Exchequer had little room for manoeuvre, Labour MPs claimed in the House of Commons yesterday.

Mr Roy Hattersley, Labour's deputy leader and economics spokesman, challenged Mr Nigel Lawson, the Chancellor, to "break the habit of a lifetime and be frank with the House," about the prospects for Tuesday's budget.

Mr Hattersley told MPs: "The squalid fact is that the inevitable reduction is being held back to give a little shine to a budget which would otherwise be very lacklustre indeed."

Mr Lawson shouted back through Labour jeers: "I am glad to note that you are expecting a reduction in interest rates. Not so long ago you were telling the House there was bound to be an increase, and there was not."

The Chancellor said interest rates had remained unchanged since January 8. He told Mr Hattersley: "You were wrong then, and you are always wrong."

There was pressure from Conservative backbenchers for a cut in interest rates to help industry.

Mr Michael Latham (Conservative) said all the "economic jigsaw pieces" were in place for an immediate and significant cut in interest rates. He said this would be of great value both to industry and the Government's counter-inflation policy. He demanded: "What is preventing this?"

Mr Lawson said there would be benefits from lower interest rates but he urged MPs not to exaggerate the effects of the present level of rates.

He said the February survey of monthly business trends by the Confederation of British Industry had shown the best responses on prices and output since 1975.

Mr Lawson said other countries had benefited unambiguously from the recent fall in oil prices. The effects of oil price changes on the UK were bound to be more mixed. He added, however, that the trend of falling oil prices and interest rates throughout the world could be nothing but helpful to Britain.

The Chancellor and other Treasury ministers deflected all questions about the likely contents of Tuesday's budget. But there were a number of last-minute representations by MPs on both sides of the House.

Mr Anthony Beaumont-Dark (Conservative) was cheered by Labour MPs as he urged the Chancellor to spend whatever money was available on help for the decaying inner cities, rather than on tax cuts.

Mr Lawson clashed repeatedly with Labour MPs over the Government's claim that spending commitments made by Labour would cost £24bn a year to implement.

Both Mr Lawson and Mr John MacGregor, the Chief Secretary, stood by the figures, which has been dismissed as wildly inaccurate by Labour spokesmen. Mr James Lemond (Labour) asked whether it was right for civil servants' time to be spent in costing the opposition programme.

Mr Ian Wrigglesworth, the Social Democrat Treasury spokesman, claimed that the burden of taxation of individuals had increased since 1979.

**Lack of engineers 'leads skill shortages'**

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

A LACK OF professional engineers emerges as British industry's most serious skill shortage problem in a survey published by the Confederation of British Industry (CBI) and Manpower Services Commission (MSC) today.

The survey shows that 38 per cent of employers who are experiencing a shortage of engineers expect the problem to worsen during the next 12 months. And 71 per cent of the companies which are unable to recruit all the engineers they need have already suffered from the problem for more than a year.

"This is therefore not only the most prevalent shortage but also the most persistent," comments the report.

The other most commonly mentioned skill shortages across all sectors of industry were those of technicians, assembly and inspection grades, textiles and clothing occupations, technicians and electrical and electronic fitters.

A total of 15 per cent of companies said that their output was likely to be constrained over the next four months by a shortage of skilled labour - up from 13 per cent when

the CBI/MSC survey was last conducted a year earlier.

Across all sectors of industry, says the report, "22 per cent of respondents expect further shortages to emerge in the course of the next 12 months, with professional engineers being the most widely reported - computer and management services personnel also significant." The survey also discloses that 8 per cent of companies expect labour shortages to limit investment over the next year, compared with 6 per cent a year earlier.

Employers are shown by the survey to be more likely to react to most types of skill shortage by trying to recruit new staff, rather than retraining existing employees.

Many also consider sub-contracting the work for which they are unable to recruit sufficient skilled employees.

Mr Bryan Nicholson, MSC chairman, in response to the report, said he believed industry was finally beginning to recognise the need to invest in training if skill shortages were to be eliminated. But too many employers still tried to take the easy way out and poach staff from other companies.

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**AUDITED CONSOLIDATED RESULTS 1985**

|                         | 1985      | 1984  |
|-------------------------|-----------|-------|
|                         | R Million |       |
| Income before Taxation  | 485.2     | 412.3 |
| Income after Taxation   | 403.0     | 317.9 |
| Attributable Income (1) | 458.0     | 275.5 |
| Distribution (2)        | 205.8     | 182.9 |

|                       |        |        |
|-----------------------|--------|--------|
| Earnings per share    | 1985   | 1984   |
| Dividends per share   | 481c   | 306c   |
| Asset value per share | 195c   | 190c   |
|                       | 5,850c | 4,339c |

(1) Before deducting extraordinary item of R8.5 million (1984 — R6.3 million) and after allowing for income attributable to outside shareholders (1985 — R52.3 million; 1984 — R66.7 million) and equity accounted income (1985 — R102.9 million; 1984 — R37.7 million). The contribution of Mining to Attributable Income was R339.8 million (1984 — R191.1 million).

(2) Distribution in respect of all permanent capital, namely ordinary shares, Convertible 8.5% preference shares and Convertible 12.5% debentures.

FINAL DIVIDEND declared on 13 March 1986—Payable 17 April 1986  
Amount per share 140 cents—Currency conversion 1 April 1986

The above has been abridged from the full preliminary statement copies of which are available at the office of the London Secretaries, 30 Ely Place, London, EC1N 6UA.

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# Raleigh cycle production to be restructured

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MANAGEMENT at TI's loss-making Raleigh bicycle factory has warned the 1,800-strong workforce that redundancies are inevitable as a result of radical changes in production which are being sought.

The company, in consultation with workers this week, has outlined plans to consolidate all production in just 10 acres of the 44-acre site in Nottingham. The land freed and the reduction of work in progress will more than finance the changes necessary over the next two years.

The aim is to reduce the time taken for producing a cycle from the present six weeks to five working days. The existing production process involves components travelling several miles around the site, crossing two roads, a river and a main-line railway.

Detailed negotiations will be necessary to introduce a new pay grading system and modernisation of the 20-year-old incentive payment scheme.

The Nottingham site has served the bicycle markets of the world since the early years of the century. But the operation, which came to dominate UK and world markets, has suffered nothing but losses since the late 1970s. The workforce has been steadily reduced from more than 6,000 in 1979.

The most recent of a series of rationalisation strategies to adjust the Nottingham factory to an annual output of 1m bicycles, rather than 2m, ran into problems in 1984 with a new £5m computer-controlled paint and assembly plant. TI then called a halt to investment.

Teething problems of the plant were overcome, and costs cut last year, but two bad summers in Brit-

## RULING SUPPORTS GRANADA IN TAKEOVER FIGHT

# Rank pursues bid despite legal setback

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE RANK Organisation is to go ahead with its opposed £753m takeover bid for the Granada Group, despite having failed in the High Court yesterday to remove the block imposed on the bid by the Independent Broadcasting Authority (IBA).

The court refused to quash the IBA's decision on February 25 not to give Rank permission to vote more than 5 per cent of its 8 per cent holding in Granada, which includes Granada Television.

Under Granada's articles of association, no shareholder may vote more than a 5 per cent holding without the IBA's approval.

Rank is to appeal against yesterday's ruling. The case will be before the Court of Appeal next week.

Mr Michael Gifford, chief executive of Rank, would not comment on the ruling as he left the court, but he said: "We intend to proceed with our bid."

Mr Alex Bernstein, chairman of Granada Group, said that the ruling had not surprised him. "I always thought that Rank's case was ill-considered and the judgment seems to have indicated that it was."

Sir Denis Foreman, Granada Television's chairman, described the judgment as "very firm." The IBA said later that it was delighted with the ruling, which vindicated the procedures it had adopted.

Mr Justice Mann ruled that Rank, whose legal move had been strongly resisted by both the IBA and Granada, fell at the first legal hurdle facing it in the judicial review procedure under which it made its claim.

By that procedure, the court can interfere with a decision of a public body like the IBA only if it made the decision under a power given by the statute under which it operates.

The judge said that, when the IBA made the decision under attack, it had not been exercising a power given by the 1981 Broadcasting Act. It had been exercising an adjudicatory power conferred on it by Granada's articles of association.

He rejected Rank's contention that the IBA had acted unfairly in not giving Rank an opportunity to make representations before the decision was made.

He also rejected a complaint that the IBA had followed an inflexible policy not to allow a change of control of a successful programme contractor.

The IBA was entitled to have such a general policy, provided it looked at each case on its merits. It had done so in this case, the judge said.

Rank's shares slipped 5p to 532p. Granada's closed at 272p, down 10p.

Shareholders' ballot, Page 10

# Gas consumers will get inquiry powers after privatisation

BY DOMINIC LAWSON

THE GOVERNMENT told the all-party Energy Select Committee of the House of Commons yesterday that there would be no significant changes to its chosen method of privatising British Gas, despite the committee's very strong criticism of the Government's approach.

But at Monday's report-stage reading of the gas Bill, the Government will yield to pressure from the National Gas Consumer Council by giving a future Gas Consumers' Council the right to investigate complaints about servicing and installation of appliances carried out by a privatised British Gas.

This concession does not appear in the bland reiteration of the Government's views on gas privatisation sent to the committee.

Mr Ian Lloyd, chairman of the committee and a Conservative MP, said yesterday: "This is not good enough. The Department of Energy could have met us on a number of points without losing face. It is a reflection of the lack of authority of the House of Commons in its dealings with Government departments." But Mr Lloyd said he did not expect Conservative members of the committee to vote against the Government in the third reading of the gas Bill "since we do not oppose the policy."

The main thrust of the committee's objections was that the Government was not doing enough to ensure the break-up of British Gas's basic monopoly and to encourage competition.

The Government yesterday restated its view that gas would remain competitive because of its fight for market share against alternative fuels. Mr Lloyd said yesterday that "inter-fuel competition impacts only at the margins."

The Government again refused to change its aim of allowing British Gas to pass on to domestic consumers the cost of increasing its gas supplies.

However, the Government last week answered one of the committee's complaints by easing the market for gas exports and imports. In the committee stage of the Bill, the Government further conceded the right of the future Director of Gas Supplies to promote competition in the industrial gas market. The concession to be announced next week giving more powers to the Gas Consumers' Council suggests that the Government is not entirely impervious to the criticisms that have been levelled against the gas Bill.

# Distributor takes over ailing Alfa network

BY JOHN GRIFFITHS

A STRATEGY to revive the severely battered image of Alfa Romeo in the UK is now being drawn up by Tozer Kemsley and Millbourn (Holdings) (TKM), the UK vehicle distribution and property group.

TKM confirmed yesterday that it has taken control of Alfa Romeo's formerly wholly owned UK sales and distribution subsidiary.

Under a deal reached with Alfa GB's Milan parent, TKM has acquired 80 per cent of the share capital and full management control of the loss-making British company.

No value was put on the deal, but the cost to TKM was described as "nominal" and equal to the UK company's net asset value on completion. Alfa Romeo is to absorb the losses accumulated by the UK company as part of the agreement. In its last published accounts, in December 1984, these amounted to £21.69m.

Late last year Mr Rinaldo Hercolani, Alfa GB's managing director, said the expected losses for 1985 would be reduced to about £3m. Mr Hercolani and other Italian board members are being reassigned to other posts within Alfa Romeo. TKM will take control of the British company on April 1.

"We are buying a cleansed company," said Mr Lawrence Kammish, who is to be chief executive, with TKM group chief executive Mr Reg Heath as chairman.

Alfa Romeo sales in the UK have continued on a steady downward path this year. A sales peak of 13,000 was reached in 1979, since when they have fallen to 3,200 last year. In the first two months of this year only 371 cars were sold, representing a 0.11 per cent market share.

Mr Kammish acknowledged yesterday that TKM faced "a tremendous task" in restoring Alfa's UK fortunes.

A priority would be to take action to support the resale value of Alfa Romeos, which have been badly hit by excessive discounting. "The discounts have got to stop," Mr Kammish said.

## Jobs will be issue in key by-election

By John Hunt

THE FULHAM by-election campaign opened in earnest yesterday with Thursday April 10 announced as the date for polling in this crucial political battle in West London.

The Labour Party was first off the mark with Mr Hoy Hattersley, its deputy leader, giving a press conference with Mr Nick Raynsford, the party's candidate.

They highlighted unemployment as the issue on which Labour would be spearheading its campaign. Mr Hattersley claimed that a Labour government would introduce a programme which would create 1m jobs over two years.

The other candidates, Mr Matthew Carrington for the Tories and Mr Roger Liddle for the Social Democratic/Liberal Alliance, immediately counter-attacked and made it clear they were prepared to do battle on this contentious ground.

The announcement ends the period of "phony war" in which all the candidates have been active and the parties have been building up their election machines.

The contest is caused by the death of the Conservative MP Mr Martin Stevens, who won the seat from Labour in 1979 and held it with a majority of 4,789 in the 1983 general election (40.2 per cent of the vote). Labour was second with 34 per cent and the Liberals, who fought the seat for the Alliance, were third with 18.3 per cent.

It is important to the Tories to hold the seat after the Government's recent difficulties over the Westland helicopter company and BL, the state-owned vehicles group, and its poor showing in some of the public opinion polls.

For Labour it is a critical battle to demonstrate that Mr Neil Kinnock, the party leader, is succeeding in pulling his party together with the aim of winning the next general election.

The Social Democrats, representing the Alliance this time, also badly need a victory to underline the Alliance's credibility as a valid alternative to the two traditional parties.

The outcome in Fulham could also influence the result of forthcoming by-elections in two other Tory-held seats. These are at Ryedale in north Yorkshire, caused by the death of Mr John Spence, MP, and Derbyshire West, where the MP, Mr Matthew Parris, will be leaving to become a presenter on London Weekend TV.

The latest national opinion poll, Marplan, lurches the parties closely together with Labour at 35 per cent, the Conservatives at 32 per cent and the Alliance at 31 per cent.

The SDP launched its campaign last night with a meeting addressed by Dr David Owen, the party leader. Earlier Mr Liddle emphasised his party's budget proposals which, he said, had been properly costed and would produce 750,000 jobs over three years.

He said that SDP canvassing showed that 40 per cent of the Fulham electorate had yet to make up their minds on how to vote.

## Whitehall needs line of appeal, say MPs

A COMMITTEE of MPs is understood to have decided that the Government should appoint an ombudsman to give an independent source of appeal for civil servants who are asked to carry out duties with which they are in fundamental disagreement, Hazel Duffy writes.

Sir Robert Armstrong, head of the Home Civil Service, does not believe in the need for an ombudsman, however. He told the cross-party committee, which is investigating relations between the Civil Service and Government, that an ombudsman would greatly complicate a two-way relationship which had to be one of great confidence.

The committee's report will be published at a time of growing disquiet among many former politicians and civil servants about inadequacy of rights for civil servants and declining morale in the service.

COLLIERY supervisors have been told by the National Coal Board (NCB) that mining jobs will be lost if they vote for an overtime ban next week over the closure of a loss-making pit in Northumberland. The NCB said that with the fall in oil prices industrial action could not come at a worse time.

CAR and commercial vehicle production last month was held back by the unofficial stoppage by 1,700 workers on the trim and final assembly lines at Ford's Halewood plant on Merseyside which cost the output of 10,500 vehicles. According to Department of Trade and Industry provisional estimates, car production in February at 74,000, on a seasonally adjusted basis, was well below the 86,000 for the same month last year and did not match the 76,000 in January.

ATTEMPTS aimed at ensuring that Mr Arthur Scargill has to stand for periodic re-election as president of the National Union of Mineworkers were quashed at the union's executive meeting in Sheffield, northern England. Two motions tabled for the union's annual conference in July, calling for the president's casting vote to be restored, were ruled out of order by Mr Mick McGahey, the NUM vice president.

PHILIPS, the Dutch electrical and consumer group, is to sell its washing machine factory at Halifax, Yorkshire, to a management consortium. Philips had announced last year that the factory was to be closed.

The purchase price was not disclosed but is understood to run to several million pounds.

SONY, the Japanese electronics company, predicted a sharp increase in sales of compact disc players in the UK this year. It said the UK was now the fastest-growing market after Japan.

THE SECOND reading of the controversial Shops Bill which seeks to remove remaining restrictions on Sunday trading hours, will almost certainly be shortly after the end of parliament's Easter Recess.

# 64,267 reasons to consider export insurance.



In 1984, Britain's partners in the European Community suffered 64,267 bankruptcies, an increase of 36% since 1982.

This figure in itself is reason enough to take out export insurance, particularly since these countries represent the UK's biggest export market.

The world recession has affected even these 'safe' markets, drastically increasing an exporter's chances of running up against serious financial problems.

This volatile business climate makes it

difficult for the exporter to predict when or if a problem will arise.

It does not, however, stop him from protecting himself against the serious financial damage of not being paid.

Once you've considered the facts, you surely can't help but consider ECGD's export insurance schemes.

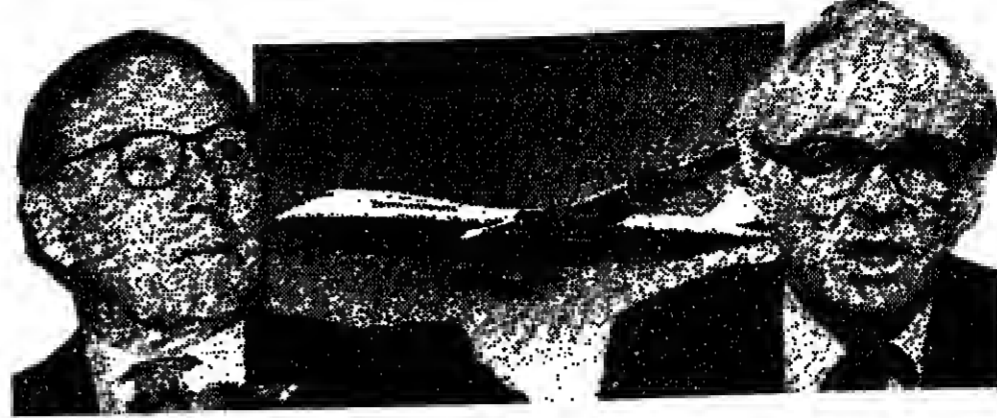
For a new policy-holder with an annual export turnover of £5m, with most buyers based in markets like North America and Western Europe, a typical premium for comprehensive short-term credit insurance could be £33,000 or less.



Export with confidence.

UK NEWS

Michael Donne studies delays in renegotiating the Anglo-US Bermuda Two agreement  
**Long haul over North Atlantic air pact**



Lord King (left) and Mr Nicholas Ridley: worries over air competition

OFFICIALS of the Department of Transport will step up efforts over the next few weeks to renegotiate part of the Anglo-US Bermuda Two air agreement governing air services between the two countries, so as to avoid a damaging battle that could hurt all airlines flying the North Atlantic.

Problems with Bermuda Two have already delayed the proposed privatisation of British Airways (BA), as uncertainties over the pact prevented a valid prospectus being written for the sale of the airline's C1bn shares.

But much more is at stake than that. Agreement is needed on what is called Annex Two of the pact, which sets out rules controlling capacity that airlines of both countries provide on the UK-US routes.

The annex expires in July, and if no new agreement on it is reached airlines will be free to indulge in a capacity war, providing however many seats they like to the point of "dumping," in a battle for traffic that would be bound to benefit US airlines because of their greater number.

During the renegotiation of the pact, the UK also hopes to clarify once and for all the whole question of competition on the North Atlantic. It will seek to get the US to accept that US anti-trust and competition laws should not override Bermuda Two. The UK thereby hopes to ensure that no UK airline will be subjected again to anti-trust litigation

such as that which followed the collapse of Laker Airways, which caused a long delay to BA's privatisation.

Mr Nicholas Ridley, Transport Secretary, has left the US in no doubt as to the strength of the UK government's feelings on the matter. He said in Washington in mid-February that the North Atlantic market was already unfavourably biased against UK airlines.

He said the heavily protected US domestic market put UK carriers at a big disadvantage in competing for US-originating traffic, especially at gateways where there is a substantial proportion of connecting traffic which enjoys the double protection of reserved internal routes and res-

ervations systems biased in favour of US airlines.

"Our airlines do not enjoy a comparable advantage to anything like the same degree on our side of the Atlantic, where your (US) airlines have substantial access to all European points beyond London," he said.

Mr Ridley spoke in equally strong terms on the way the US imposes its domestic laws on international airlines. "We do not accept that the sole arbiter of what should and should not be the laws governing competition on UK-US services should be US law and the US courts."

"We are ready and willing to dis-

cuss these matters, and so far as international aviation is concerned, ready to consider breaking wholly new ground in order to establish a bilaterally agreed regime which will meet the spirit and policy objectives of the domestic laws in both our countries."

But he added: "We are not prepared for these matters to be regulated and enforced by the unilateral application of the US anti-trust law."

The UK government is so concerned to see the matter cleared up and Annex Two re-established as an integral part of Bermuda Two that it is prepared to accept a further frustrating delay to BA's priva-

tisation, despite the gloom it will undoubtedly cast over BA.

It has been suggested the privatisation could still go ahead. There have been sharp differences of view before that have been cleared up without disruption of services, and the same thing may be possible again.

The Department of Transport disagrees. It believes, from Mr Ridley downwards, that if it came to a capacity fight on the North Atlantic, a newly privatised BA could be seriously hurt, which would not be a good start to its career in the private sector.

It is also argued that chances of an early settlement of Bermuda Two issue are poor. Talks have not been going well. The US Government, dedicated to deregulation, is less interested than the UK in seeing a new capacity arrangement.

Moreover, the US has never liked Bermuda Two. It views it as a trading agreement that benefits UK airlines more than US ones. It sees no reason why it should take Annex Two further by adding on to it freedom from anti-trust and competition laws in favour of the UK.

As the situation now stands Anglo-US talks could drag on for months in a deteriorating atmosphere of uncertainty. The UK government hopes it will not come to that. If a revised Annex Two can be agreed soon, BA might still get back into the privatisation queue later this year or early 1987.

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 Inter-Continental sales office or your travel agent.

**Shareholder vote on political donations could set precedent**

A BALLOT held by shareholders of Rank Organisation, the UK leisure and entertainments group, could have far-reaching political implications. A vote taken at the annual shareholders' meeting this week gave Rank directors authority to make donations to political parties.

Proxy votes were 25m (12.6 per cent of issued ordinary shares) for the resolution, 5m (2.5 per cent) against with 8.5m (4.2 per cent) abstentions. The resolution was then passed on a show of hands.

The company had suspended its normal contributions to the Conservative Party, pending the outcome of the ballot.

The vote could set a precedent. Rank is probably the first major company to hold a ballot about political contributions, though a few smaller companies such as Barlow Holdings and Foreign and Colonial Investment Trust have already done so.

Other companies which have been actively considering consulting shareholders include Marks & Spencer and Willis Faber. Both have contributed to Conservative funds.

The system of regulating payments to parties came under renewed attack after the Trade Union Act 1984, which obliges unions to obtain the approval of members every 10 years for the establishment of a political fund.

Alliance and Labour parties have criticised the apparent unfairness of rules which place restrictions on trade unions but leave company directors free to make political payments without restraint.

In June 1985 a working party established by the Constitutional Reform Centre and the Hansard Society for Parliamentary Government recommended shareholder ballots as the main ingredient in a code of practice for company political donations.

A private members Bill introduced by Mr Derek Fatcetti, a Labour MP, would make such ballots compulsory.

The Conservative Party has always rejected the parallel between political payments by unions and companies. About 85 per cent of central Labour funds comes from unions, while Conservative Central Office receives a smaller proportion of its income (55-60 per cent) from companies.

Trade union political levies raise about twice as much as the com-

panies. Unlike unions, which receive block votes at the annual Labour party conference based on their affiliation payments, companies receive no such privilege in the Conservative Party.

Pressure for reforming the system of company donations which was building up in 1985, has probably diminished because the risk to Labour funds posed by the 1984 Trade Union Act has failed to materialise. Unions with political levy funds have balloted solidly to retain them. Now that the threat to Labour's income has been removed, company chairmen may feel less need to alter their own pattern of giving.

On the other hand, shareholder ballots could prove an attractive device for legitimising political payments to the Conservative party. The fact that the Rank shareholder vote led to a clear majority in favour of political donations may encourage other companies to bring forward similar motions at their annual meetings.

If this happens, the benefits to the Conservative party - and to a lesser extent the Alliance - could be considerable. At present, only a minority of companies (about 20 per cent of The Times 1,000 top industrial companies), make political donations.

The ballot held by Rank illustrated the ease with which shareholders can be consulted. It also showed some of the limitations of such votes as a democratic device. A bare 2,100 out of nearly 31,000 shareholders (7 per cent) returned their proxy forms. Since individual shareholders have only 6 per cent of Rank shares, the outcome was determined by the votes of large institutional shareholders.

Michael Pinto-Duschinsky is a senior lecturer in government at Brunel University, Uxbridge, Middlesex.

**Tourist boards unite to fight foreign competition**

FINANCIAL TIMES REPORTER

THE BRITISH tourism industry is spending record amounts on facilities and promotion to meet fierce competition from foreign holiday resorts, leaders of the four UK tourist boards said yesterday. Large projects under construction account for more than £900m (£1.3bn).

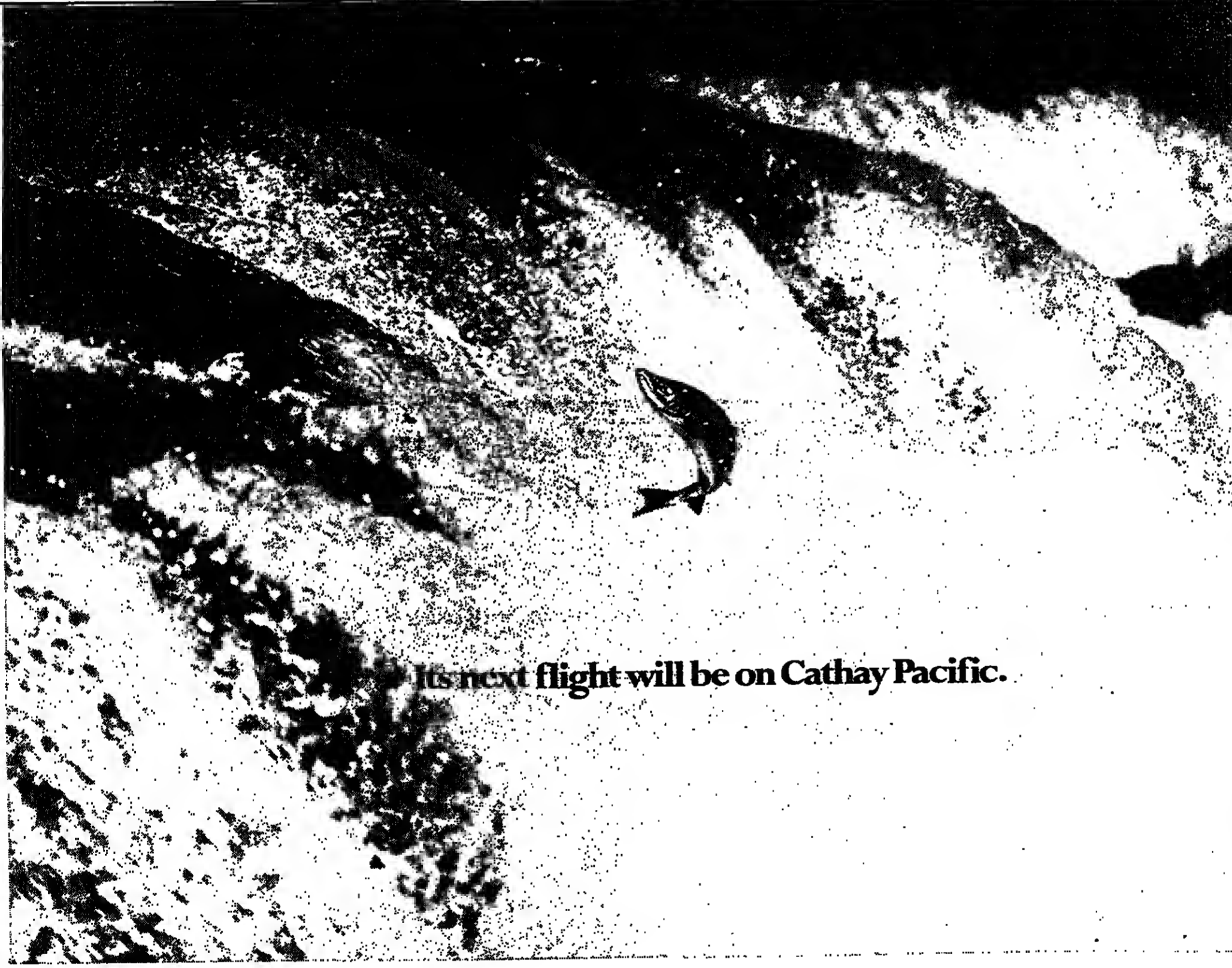
The English, Northern Irish, Scottish and Welsh tourist boards have joined together to set up a new association, the UK Holiday Bureau, to co-ordinate activities and publicity. They plan a three-month public relations campaign.

The tourist boards say UK citi-

zens took more than 40m holidays in their own country last year and there were 16m foreign visitors. They believe the domestic industry can continue to maintain significant growth.

Investments are taking place in hotels, marinas, theme parks, sport and wet-weather facilities, conference centres and self-catering holiday villages.

The tourist boards are together spending more than £11.5m on promoting UK holidays to the home market; 10 per cent more than last year.



Its next flight will be on Cathay Pacific.

At Cathay Pacific, we believe our passengers deserve better than frozen, packaged and processed food.

Which is why our chefs insist on using the freshest ingredients available around our system. Like this salmon, which will be freshly prepared and served on one of our international flights.

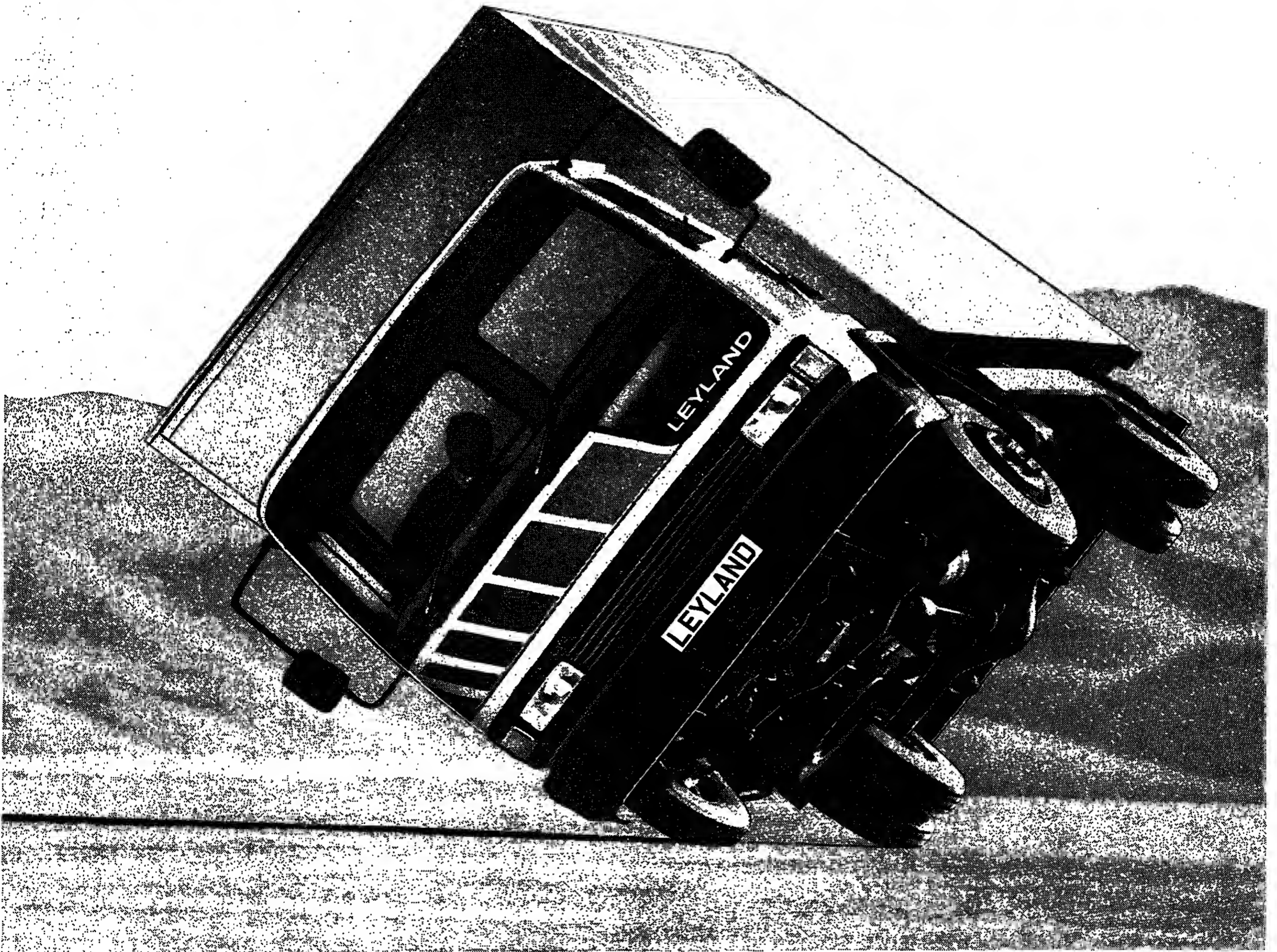
The same principle of using only the freshest produce applies wherever you're flying with us.

At 35,000 feet, you'll find we have the very highest standards of service and cuisine, all designed to help you arrive in better shape.

Arrive in better shape  
**CATHAY PACIFIC**  
 The Swire Group

**AMALGAMATED METAL CORPORATION PLC**  
 CLOSURE OF SHARE REGISTERS  
 Pursuant to Section 358 of the Companies Act 1985, notice is hereby given that the share registers of Amalgamated Metal Corporation PLC will be closed on Friday 21 March 1986.  
 A W N Green - Secretary 11 March 1986

# They said it couldn't be done.



Seven years ago the outlook for the British truck industry was bleak.

But today, at least one part of that industry is transformed.

In 1980 Leyland Trucks invested £62 million in a brand new production plant and an R & D facility that pioneered the use of computers in truck design.

Since then they have renewed their entire product range from 6 tonnes to 250 tonnes.

In the past three years they have earned £208 million in exports.

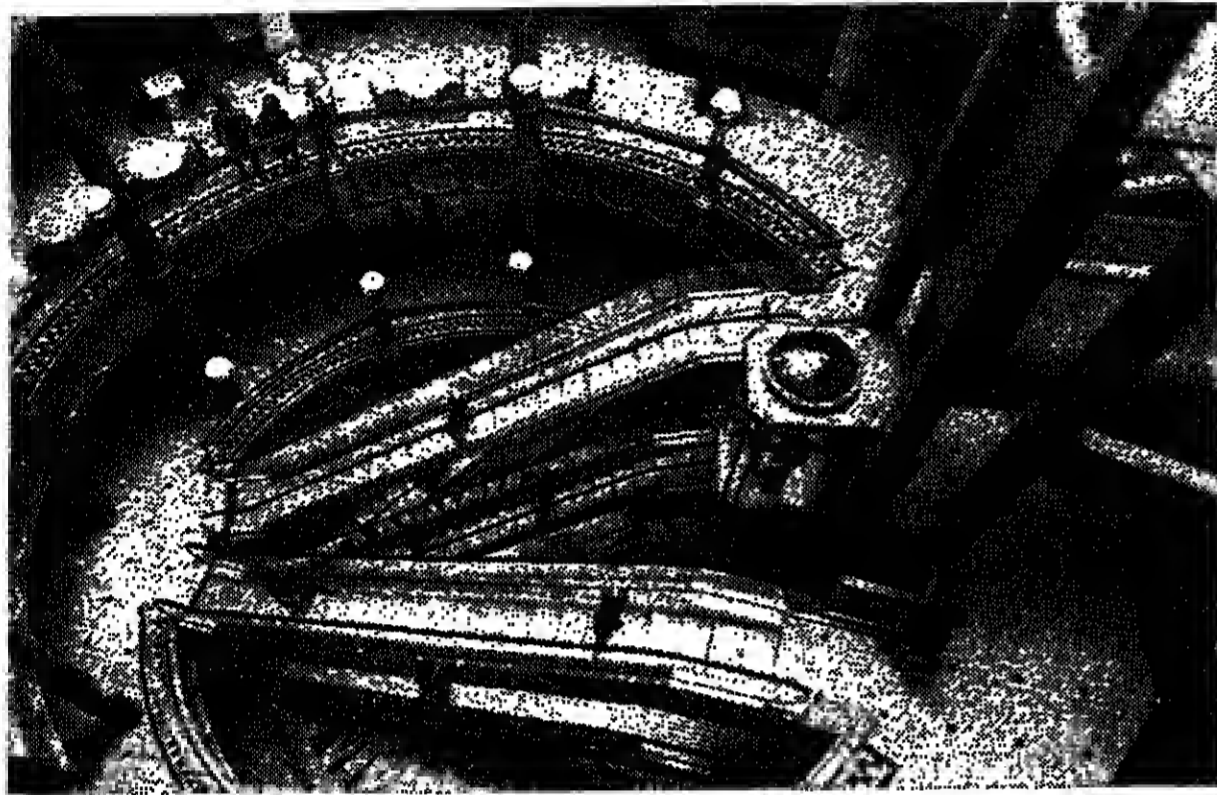
And in January 1986 came the most impressive feat yet: Leyland trucks became the best selling trucks in Britain.

 **Leyland Trucks**

## Leyland leaves other trucks standing.

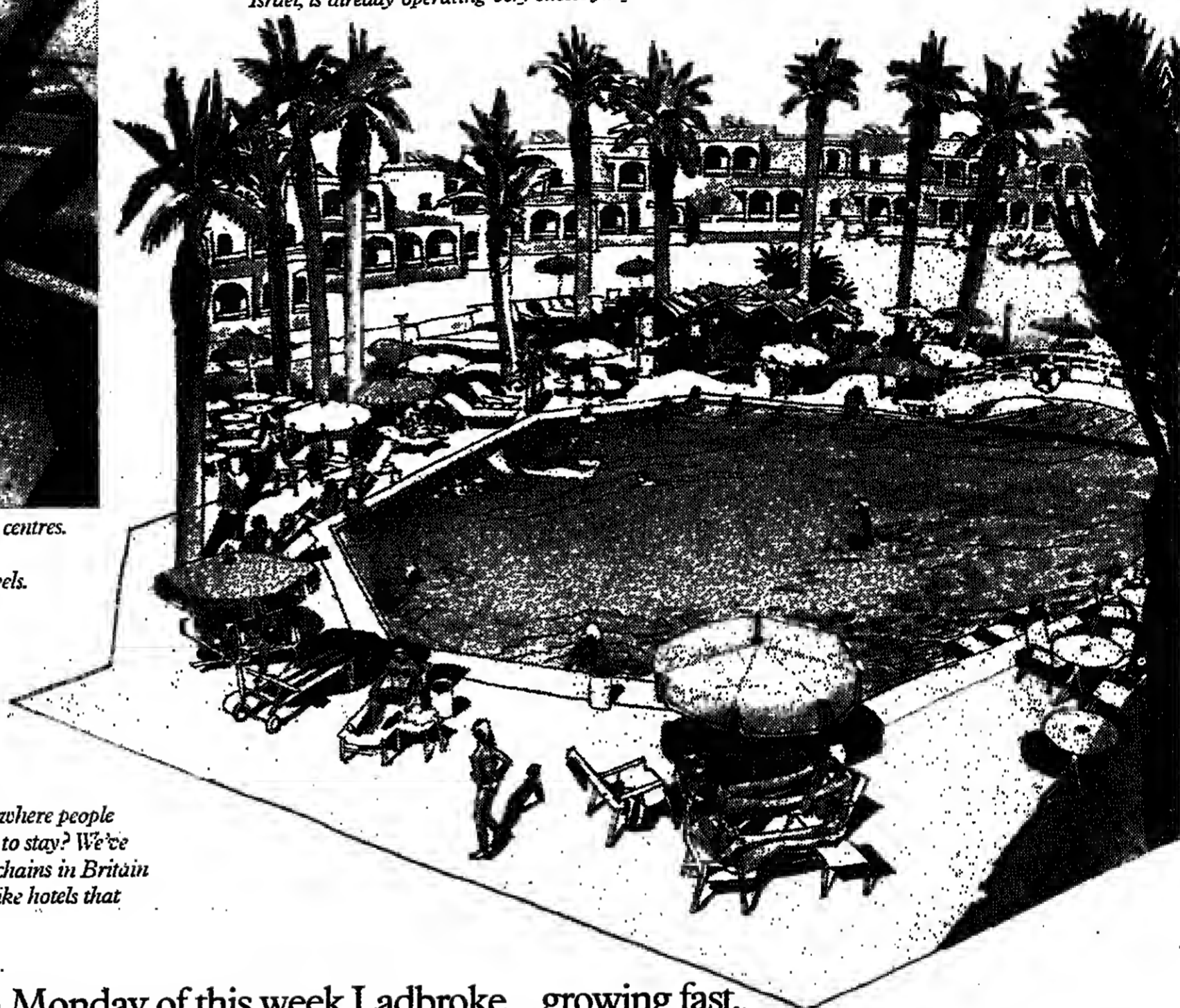
# Ladbroke.

## The Far From Leisurely Leisure Group.



Some of the most breathtaking modern architecture is seen in the new shopping centres. Ladbroke are leading the way with this 100,000 sq.ft. development covered by a giant glass atrium giving natural light on all three shopping levels.

We're looking overseas for growth in our holiday business. Our 1,000 bed villa development in Eilat, Israel, is already operating very successfully. A similar development in Lanzarote has just opened.



What's smarter? Owning hotels where people want to stay or where they have to stay? We've become one of the top two hotel chains in Britain by building and buying businesslike hotels that businessmen like.

On Monday of this week Ladbroke announced their preliminary results for the year ending December 31st, 1985.

Pre-tax profits were up 50% to a record level of £75m.

Turnover was up from £1.12bn to £1.34bn and earnings per share increased by 18%.

It was an encouraging year (to put it mildly) with all three core businesses performing well.

Hotels, property and racing achieved a combined increase in pre-tax profit of 42% while the entertainments division boosted its profit contribution by 35%.

Last year was certainly a high point in Ladbroke's history and the future has never looked more exciting.

Ladbroke Hotels are now one of the top two hotel chains in Britain and

growing fast.

We've recently opened new hotels at Swansea, Livingstone and Basingstoke and we're currently building at Manchester Airport and Portsmouth.

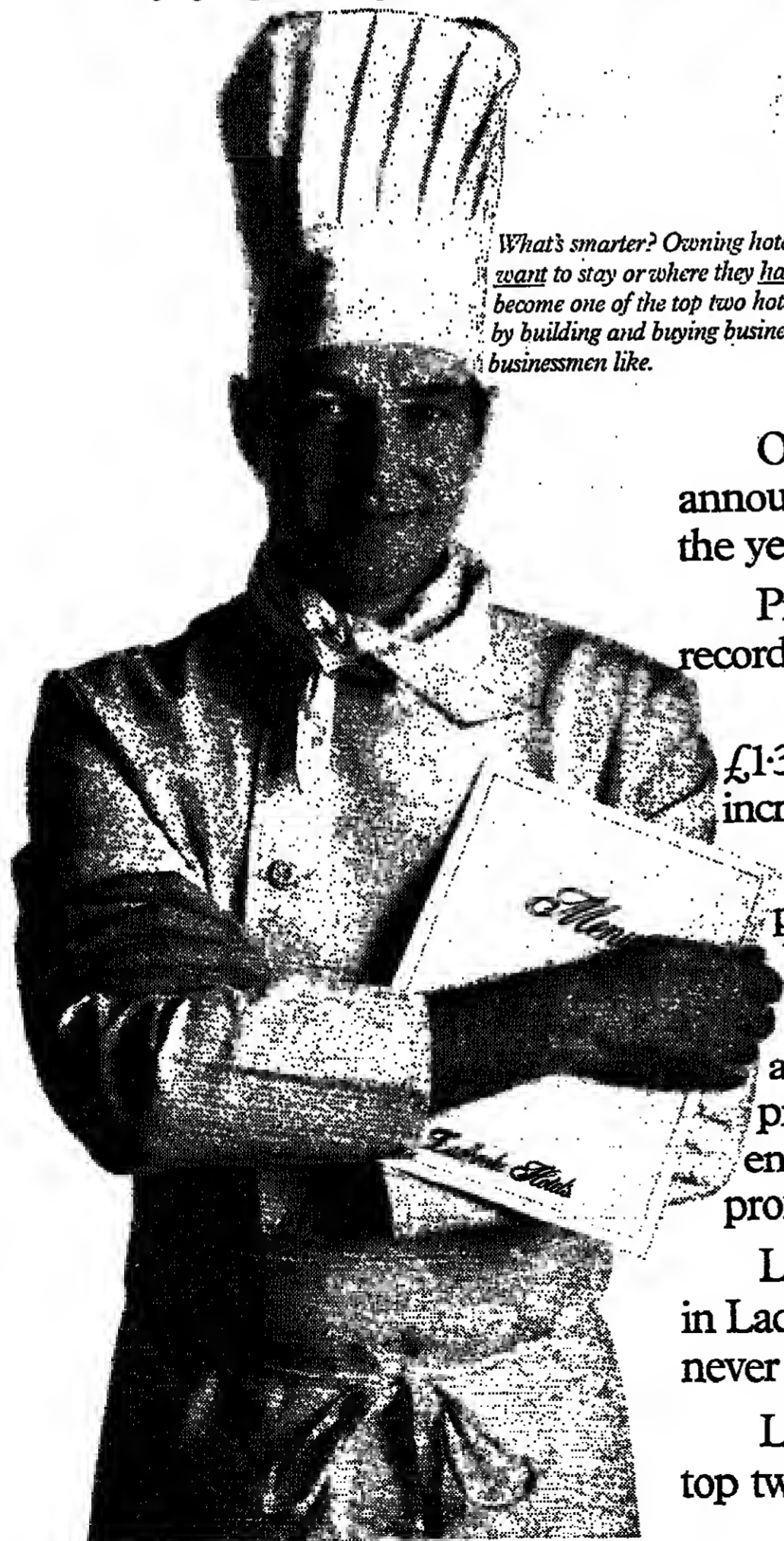
In London we're relaunching the Curzon in Mayfair and the Sherlock Holmes in Baker Street (where else?).

Because our hotel business caters primarily for the businessman who has to travel we're less dependent on tourism than many hotel groups.

Manchester may be a less exotic location than Rio but it appears more often on an executive's itinerary.

By next winter we'll have invested £15 million bringing the 22 hotels we bought from the Comfort Group up to Ladbroke standards. (And need we say it, Ladbroke profitability.)

Our racing division had an outstand-



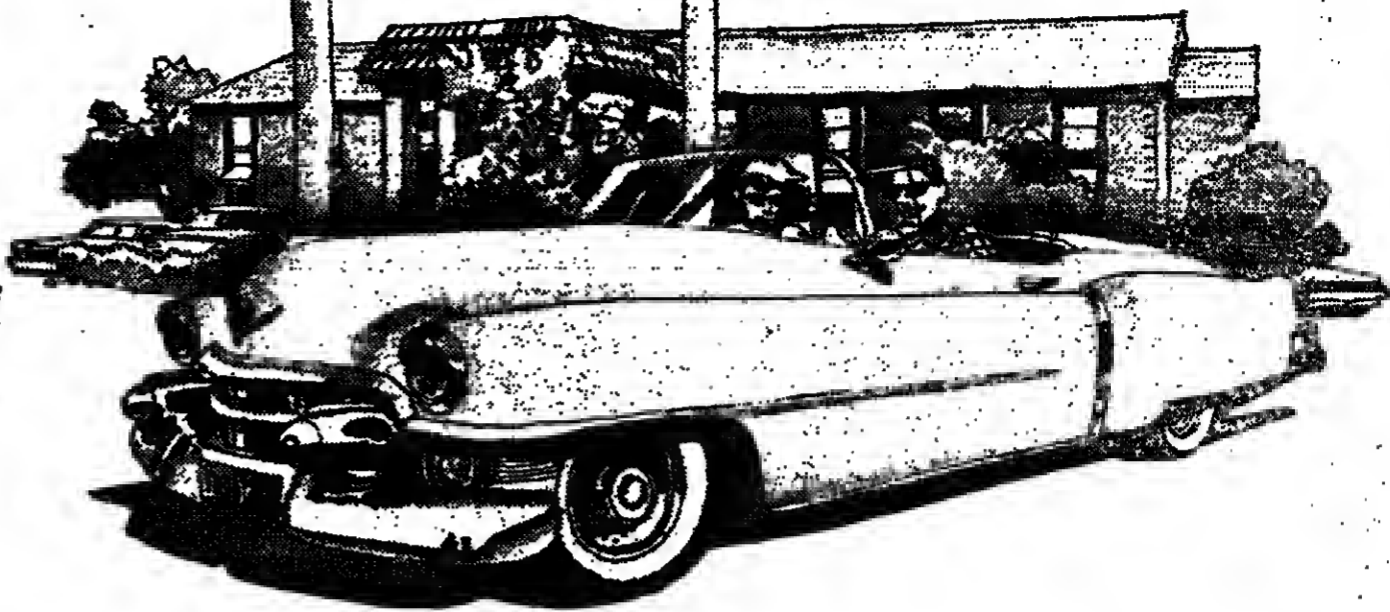
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Laskys is a chain of stores specialising in home entertainment. We've recently extended the product range to include photographic equipment, and the results have been extremely encouraging.



Our purchase of Rodeway Inns International gave us an entry into the world's largest hotel market - America.



Thanks to new legislation, the sport of kings can now be watched in more palatial surroundings. As world leaders in off-track betting, Ladbroke welcome the changes.

This is Manhattan Tower, a 275,000 sq. ft. 35-storey Ladbroke development in the heart of New York City. It's high rise and high rent and typical of our quality projects in America. In 1985, the property division contributed £18m to group profits.



Our investment in publishing is bringing good results. With the recent acquisition of Seneus we now own 74 titles.

ing year in 1985 and with over 1,500 shops in the U.K. we increased our share of the off-track betting market to over 21%.

In Belgium we own over 800 betting shops and last year we bought a race course in Michigan.

(When legislation allows off-track betting, we'll be ready for the off.)

But the most pleasing development happened here in Britain earlier this week.

For the first time, betting shops were allowed to show live TV and satellite coverage of sporting events and to provide new facilities for their customers.

We have already invested in the most modern communication and computer technology to give our clients a service that's second to none.

We call it the 'Greatest Show in Town' and even allowing for a little commercial hyperbole, it does seem to

be very popular with our customers.

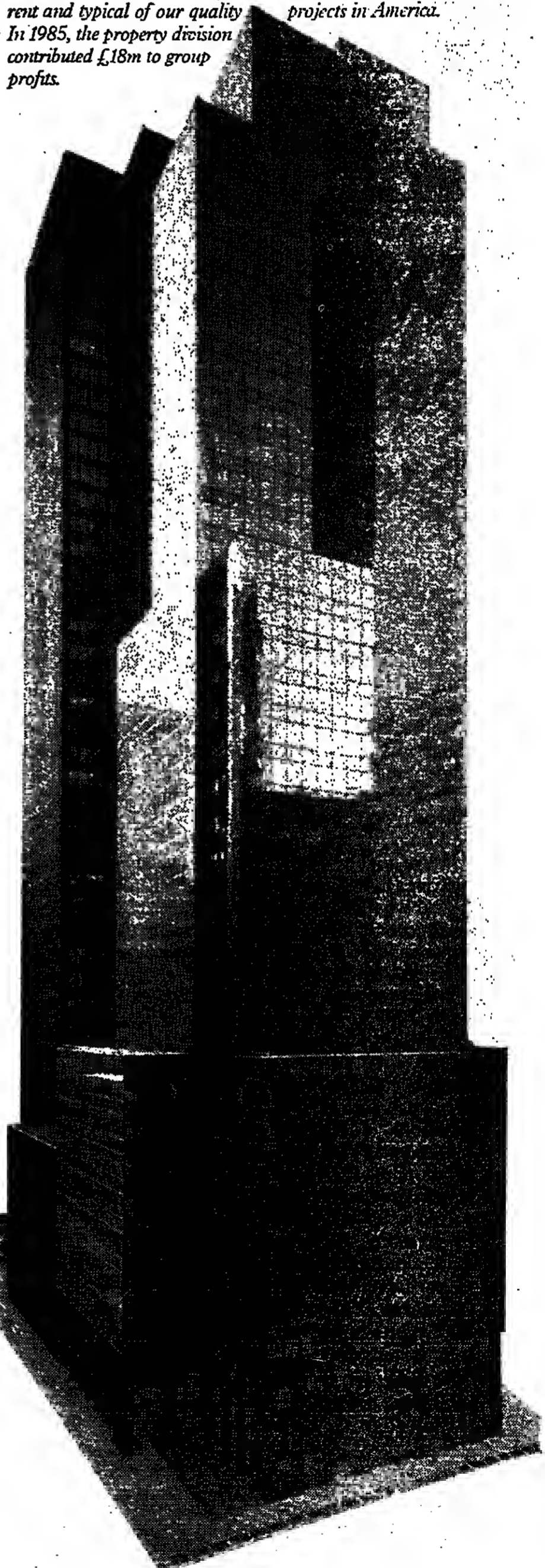
Our U.S.A. properties are establishing a substantial rental stream and valuable dollar assets.

Here in Britain, we're concentrating on the retail sector with major new schemes in Maidstone, Birmingham, and Bristol and out of town developments in Crayford, Hendon, Perry Barr and Cwmbran.

With leisure-time spending projected to increase by 8.5% in 1986, the entertainments division is also expecting to do well; publishing is expanding, holiday bookings are ahead of 1985 levels and Laskys is again expected to improve its performance.

As you can see from this brief look at our activities, the future looks far from leisurely.

And that's exactly the way we like it.  
**Ladbroke.**



THE PROPERTY MARKET BY MICHAEL CASSELL

Squaring up for the final showdown Oxford sells \$1bn portfolio to Bell Canada

AS THE war of nerves between Stock Conversion and Stockley steps up, the two companies meet again today to try and find a way out of the deadlock. The fate of the 26.5 per cent equity stake held by Stockley in one of the UK's most dramatically revitalised property groups, should soon be resolved, though the chances of a peaceful conclusion or a bloody battle seem even. Over the last 12 months, the two sides have examined a variety of options aimed at putting the two companies together, including the injection of selected assets into a joint operation. A year ago, it looked as though Stockley might bid for Stock Conversion. More recently, however, it has appeared that the tables might be turned. Now it seems increasingly likely that final failure to find an agreed solution to the situation—not yet a certainty—could quickly end up in a full-scale takeover battle. After months of silence, during which both sides have apparently been attempting to find a friendly formula to end the deadlock, the two companies have started to lift the veil of discretion surrounding their discussions. Their posturing is reminiscent of the usual scenes at a big fight weigh-in. The only trouble is that both parties now appear to hold diametrically opposed views on exactly what is happening. Stock Conversion let it be known at the start of the week that talks aimed at resolving the position, via the acquisition

of its unwelcome shareholder, had come to a complete standstill, basically because Stockley was overvaluing its own worth. The impression emerging from the Stock Conversion camp was that Stockley was now under increasing pressure to solve the situation, its room for manoeuvre restricted by a high initial purchase price weighed down by its extensive development commitments and facing an increasingly impatient bystander in the shape of European Ferries, which holds 29.9 per cent of the property company's voting shares and in which P & O has a 20 per cent stake. Evidence of its difficulties apparently lay in Stockley's decision not to proceed with some of its proposed developments, such as the office project originally planned by EuroFerries for Hudson's Place in Victoria, alongside the ominously empty Stockley House. The site is up for auction. In the meantime, the message was that Stock Conversion's new look management was leaping Stockley to its "eotanglements," happy to power ahead with plans to consolidate its ambitious property group requiring no outside help. The company says it is on line for another record year, with peak profits, dividend and asset growth guaranteed—the latter rising by 10 per cent in the first half alone. Stock Conversion stresses that much of the emphasis this year will be centred on the City of

London, where this year it will submit planning applications for around 500,000 sq ft of office space. Apart from those already announced, like the Old Bailey proposals, Stock Conversion has just acquired a long lease from Phoenix Assurance on 143-149 Cannon Street, now occupied by Coutts Bank, where it plans a 25,000 sq ft office project. Two other planned applications, not yet disclosed, will add 270,000 sq ft to the City total. Beyond the Square Mile, the company has submitted plans for 125,000 sq ft of retailing space on its Western Avenue site. There can be no question that, whatever the final outcome, Stock Conversion has reacted strongly and imaginatively to the shock disposal of the share stake previously held by Equity Trust, on behalf of Robert Clerk, one of the company's co-founders. Stockley can certainly take some indirect credit for injecting fresh energy and enthusiasm into a company which had, for too long, been bappy to sit back and enjoy the fruits of its earlier labours. Over at Stockley, however, the emphasis this week has not been on what it has done for Stock Conversion but on the strength of its own position and its own state of health. The picture, needless to say, hardly squares with that presented by Stock Conversion. Firstly, it emphasises that talks are not over, as today's meeting—called at its request—proves, although hopes of a friendly settlement do not

appear high. Secondly, Stockley emphasises that next week's annual report will show a balanced position capable of shattering any propaganda concerning its virility. Neither does it have any doubts about the value of its Stock Conversion stake. As for the development programme, Stockley says it is making good progress on flagship schemes like Stockley Park and emphasises the dramatic impact that the revised City of London development plan could have on projects like Pater-noster Square. Hudson's place, it seems, carries a cash underwritten commitment from EuroFerries which will be unlocked, to Stockley's benefit, by a sale. EuroFerries, it appears, is not putting any pressure on Stockley and no discussions have yet been held between the two companies, or with P & O. But the Stockley team is making it quite clear that it has no intention of an agreed deal with Stock Conversion, might well be used as a platform for a bid involving EuroFerries and P & O. EuroFerries might not itself be particularly predatory but Sir Jeffrey Sterling, who knows a thing or two about property, is altogether different. When they meet today, both sides will no doubt try again to find common ground and a friendly solution. Failure could rapidly bring about a confrontation the likes of which the property sector has not seen for many years.

HAVING taken on a new lease of life under the ownership of Bell Canada Enterprises, the former Daon Development property group has now acquired a \$1bn (£680m) investment portfolio in the United States. Just renamed BCE Development, Vancouver-based Daon is buying 12 office buildings, shopping malls and other selected properties from Oxford Development, the Toronto property group. The deal will result in Oxford's US development arm becoming a wholly-owned BCE subsidiary. Jack Poole, BCE Development's chairman, says the purchase is in line with the company's efforts to move away from volatile residential land development and towards the creation of a strong portfolio

of prime, commercial property investments. Daon has already sold its US office portfolio once, as part of its efforts to settle obligations to creditors, having defaulted on much of the C\$2bn (£1bn) debt it had logged up by 1982. Now, however, given the powerful backing of Bell Canada, the company's ambitions are again growing. Before the latest deal, almost two-thirds of BCE's assets were represented by 5,200 acres of undeveloped land, with most of the balance in commercial property. Within five years, it intends to have 80 per cent of its assets in income-producing property. As part of the Oxford acquisition package, BCE will assume a 75 per cent stake in the 52-

storey Multifoods Tower in Minneapolis, the 849,000 sq ft Quaker Tower in Chicago, along with adjoining development land, and a 320,000 sq ft retail mall on Chicago's North Michigan Avenue, due for completion in 1988. Other property includes the new 56-storey Republic Plaza building in Denver, along with other office and retail development opportunities in the town. Properties in Phoenix and St Paul are also being purchased. BCE paid around \$125m cash for the shares in Oxford. The company has previously indicated that it plans to use cash for around 20 per cent of future property purchases, with the remainder financed by mortgage money. Oxford Development, control-

led by the Love family, will still be left with some US property investments. The company says it now wants to look for acquisition in the real estate financial services industry through Oxford Ventures, its newly-formed subsidiary. But if Oxford is disillusioned with US real estate, BCE obviously has no such qualms. The company is looking to rebuild an American foothold and, according to Poole, "is creating long-term value, not short-term profits." Income last year was a modest C\$22m and it will be a couple of years yet before the figure is beaten. With Bell Canada behind it, that should not be too much of a problem. BERNARD SIMON

Glasgow conservationists 'must accept compromise'

GLASGOW FACES a major shortage of top quality office space within the central business district, only 8 per cent can be classified as Grade A—high quality accommodation comparable with that available in major international financial centres. Only 1 per cent—less than 10,000 sq ft—was available for letting at the start of the year. Ellis estimates potential demand in the central area to 1990 at just over 2m sq ft, much of it requiring higher quality space. John Orton, the agent's research guru, said in Glasgow this week that the conservationists would have to compromise.

The main emphasis of conservation policy in Glasgow centres on the massive facades of Victorian office buildings and their location on wide, main thoroughfares like St Vincent St and St Vincent Place. Ellis reckons that the large street blocks created, reflected in the city's grid pattern, could be the subject of wholesale redevelopment, to create a mix of large and small office units. Facades, it emphasises, would be retained. The agents forecast that space shortages will help push up top rents from £3 a sq ft to £10 a sq ft by 1988.

Legal & General Assurance has sold its long leasehold interest in the 300,000 sq ft Palace Gardens shopping centre, Enderly, north London, to Norwich Union for £18m. The two insurance groups developed the centre in 1980. Rent reviews begin this year. Private real estate syndicates in the US raised \$8bn in 1985, down \$2bn on the previous year. Stephen Roush, the real estate advisory group, says that private syndicates were only 14 per cent higher than the \$6.9bn raised by public syndication, much lower than the traditional gap between the two types of investment vehicles. WILLIAM COCHRANE

**We encourage our staff to take personal calls.**

**PARTNERS, ASSOCIATES and staff alike, are all at your service at Jones Lang Wootton. Try calling us and you'll see what we mean. The very least we'll offer you is a copy of our personal directory.**

It tells you who to talk to in which department. Naturally it gives first names as well as surnames. It's all part of our plan to become the first name you think of in commercial property.

If you're interested in anything to do with offices, shops, or industrial and high-technology buildings, we can help.

We've eighty-five partners and associates, and over five hundred staff in the UK alone.

And we didn't grow big by saying no to small jobs. In the past year, for example, we've handled instructions on units ranging in size from 400 to over 1.5 million square feet.

Whatever you need, we've someone who can help. And to help guide you to the right person, let's run through what we do.

Our investment people handle buying and selling, and the funding of property development. We work for owners, occupiers, and, of course, investors.

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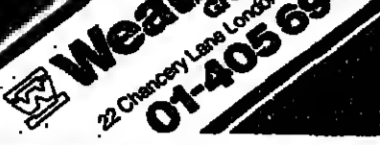
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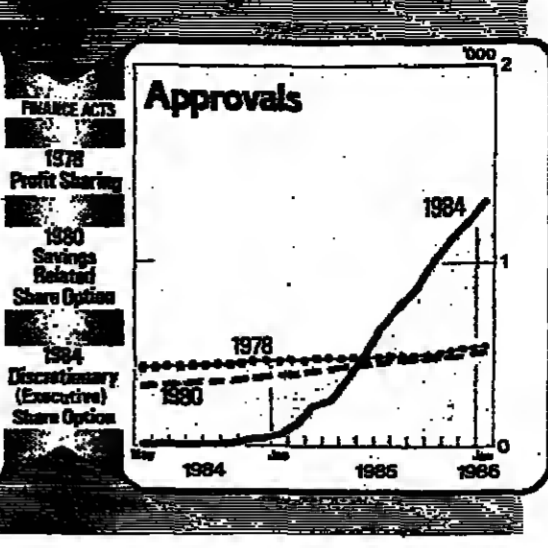
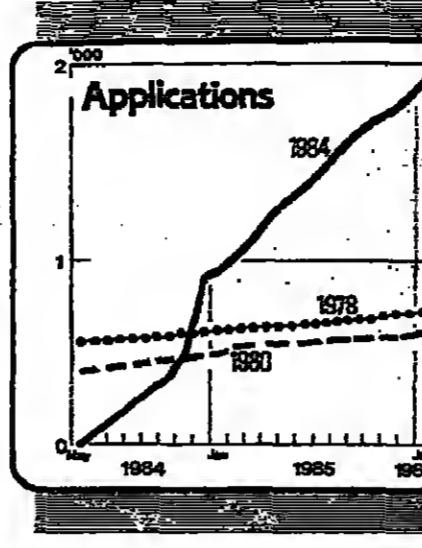
SENIOR executives across a broad range of British companies are poised to win the jackpot. Changes in the tax treatment of company share option schemes in 1984...

Three types of scheme

THE CURRENT vogue for share option schemes was started by the 1979 Finance Act which made them liable to capital gains tax of 30 per cent instead of income tax at up to 60 per cent.

These schemes are not strictly option schemes since employees are allocated shares which must be held for at least two years. Individuals may be allocated up to £1,250 worth of shares or, if it is greater, 10 per cent of their salary to a maximum of £5,000.

Executive or Discretionary share option schemes. Introduced in 1984. The main innovation of these schemes was to allow a company to restrict options to a selected group of employees—usually senior managers.



many new shares diluting existing shareholders' interests the investment committees have drawn up guidelines. These limit the amounts committed to such schemes to 5 per cent of pre-tax profits.

Employee share schemes: a fair option?

Charles Batchelor explains why equity incentives in the UK are becoming a contentious issue

The following month six directors of Burton, the acquisition-minded stores group, made a gross profit of more than £3m from the exercise of their share options.

earnings the prospect of top managers exercising lucrative risk-free options is causing some unease. The argument that British managers are merely following the US pattern is frequently cited.

managers and the workforce. The Institute of Directors endorses wider share ownership because it spreads personal holdings of wealth and educates all who participate in the realities of business risks, capital and profits.



Speaking at the convenor of the Militant Shareholders' Action Committee.

share scheme at all. These findings appear to back an earlier US study which drew attention to the possibility that executives might be better motivated but other employees would be demotivated if they felt executives were getting too good a deal.

since the start of the new style legislation. A further 917 schemes were awaiting approval at the end of the year. The most dramatic growth came in demand for executive schemes. They accounted for 86 per cent of all newly-sanctioned schemes last year.

Impressive though the recent numbers have been the pay-off for British managers may be only just beginning. The extension of capital gains tax treatment to executive-only share schemes—previously liable to much higher rates of income tax—will mean that from the end of 1987 executives will be able to reap an even larger profit—after tax—than they do at present.

Some companies—Dee end Burton included—have introduced triggers into their schemes to overcome the charge that executives benefit automatically from a rise in the share price. The company sets profit targets, often tailored to a fairly small operating division, or requires the share price to rise by a set percentage, before options can be taken up.

Share incentive schemes have proved increasingly popular because they allow a company to reward employees at no immediate cost. Options are frequently used to attract ambitious executives and companies without such schemes are starting to find themselves at a disadvantage in the labour market.

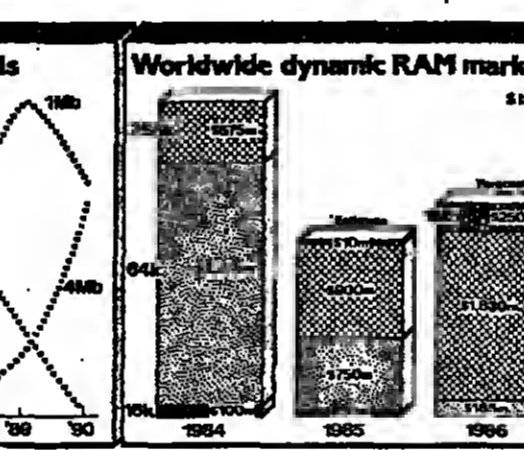
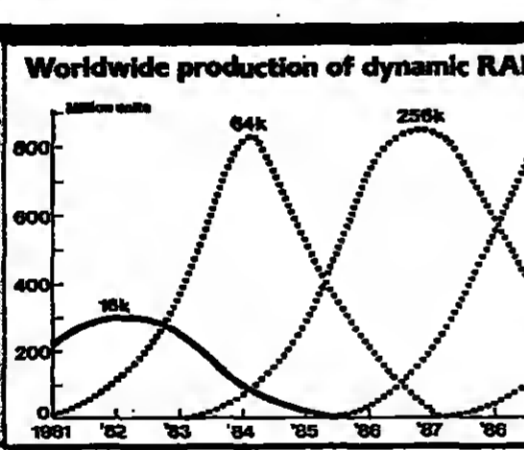
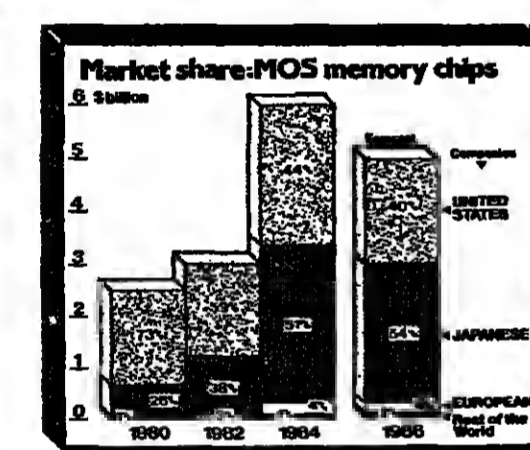
How successful have the share schemes been in achieving their aims? One or two studies of the effectiveness of options have been carried out in Britain but comprehensive answers are still lacking.

significant effect was the category of improved loyalty. More favourable results emerged from a pilot survey, co-authored by Richardson at the ISE, of about 40 retaining companies. This showed that the share prices of companies with share option schemes had risen faster than those without.

Whatever the doubts of the academics, individual companies are convinced their own option schemes are effective. Dee Corporation, which has executive and SAYE schemes, says: "It has been tremendously motivational. Many people realised for the first time they were part of a large group."

Most companies have introduced more than one type of scheme. The combination of SAYE and executive schemes was the most popular variant. It was used by 58 of the 138 companies in the survey.

TECHNOLOGY



OF ALL the collaborative high-technology ventures which have sprung up in Western Europe recently, few involve such potentially high stakes as Megaproject, the joint research programme into advanced microchips between Philips of the Netherlands and Siemens of West Germany.

specialised. It aims to start pilot production of a 1 Mb chip in 1988, with commercial production starting one year later. But Siemens has already been forced to recognise that its original timetable was too leisurely.

Laura Raun in Amsterdam and Peter Bruce in Bonn on the Philips-Siemens Megaproject

cent of its megabit output to other companies, working closely with them to develop chips which can be "designed-in" to their new products while these are still on the drawing board. It plans to use the rest of its production in its own range of consumer, professional and telecommunications products.

Siemens aims to start delivering sample quantities of 4Mb d-rams to customers later this year, about two years before Siemens plans to start making for itself a large proportion—32 per cent—of companies reported any

Schlumberger tests new techniques to monitor drilling

THE OIL-RIG supervisor was in despair. Deep under the North Sea, some six kilometres beneath his feet, a drill bit scything out rock in an exploration well had just fractured.

particular study to find ways to monitor the wear on drill bits. Drill bits commonly last between 10 and 30 hours before their cutting edges, made from materials such as titanium carbide, wear out. But determining when this is likely to happen is "largely guess work", according to Dr George Cooper, head of Drilling and Rock Mechanics at the laboratory.



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EMPHASIS ON OPERATIONAL APPLICATIONS SCHLUMBERGER'S Cambridge Laboratory is attempting to introduce advanced scientific principles to drilling for oil, a practice which Mr Bernard Vivet, general manager at the centre, says is "a little bit of an art."



# FINANCIAL TIMES SURVEY

Friday March 14 1986

## Chartered Surveyors

The traditional independence of the 54,000 members of the Royal Institution of Chartered Surveyors is under heavy strain from fee-cutting pressures, a threatened invasion of outsiders and transition to public company status

### A professional dilemma

By William Cochrane

who do not make it through to membership—are lost each year.

The property industry is fiercely competitive, both in terms of top jobs and of appointments. Yet, as Mr Paul Orchard-Lisle, this year's president of the RICS, points out, the career pattern and lifestyle of a surveyor can respond very well to the ambitions, efforts and talents of the individual.

"It is a wide profession," he says. "People can decide how hard they are going to work, where and for whom. They can be entrepreneurial types, or Inland Revenue professionals. They can go for high-level consultancy, with double firsts from Oxford or Cambridge but there is room for school-leavers who may have had trouble getting O levels but still have the talent to be a negotiator for a high street agency."

#### Competitive

For all this, many surveyors feel that they are on the horns of a dilemma. The Institution is looking to its members to improve their standards but the Government is promoting unbridled fee-cutting under the cloak of efficient competition. In a house agency and commercial property sectors there is also an invasion by building societies, solicitors, banking interests and the like.

The RICS response to the invasion has been to urge members to provide the most com-

petitive services possible, at the same time pointing to the potential conflicts of interests which outsiders' involvement can bring about.

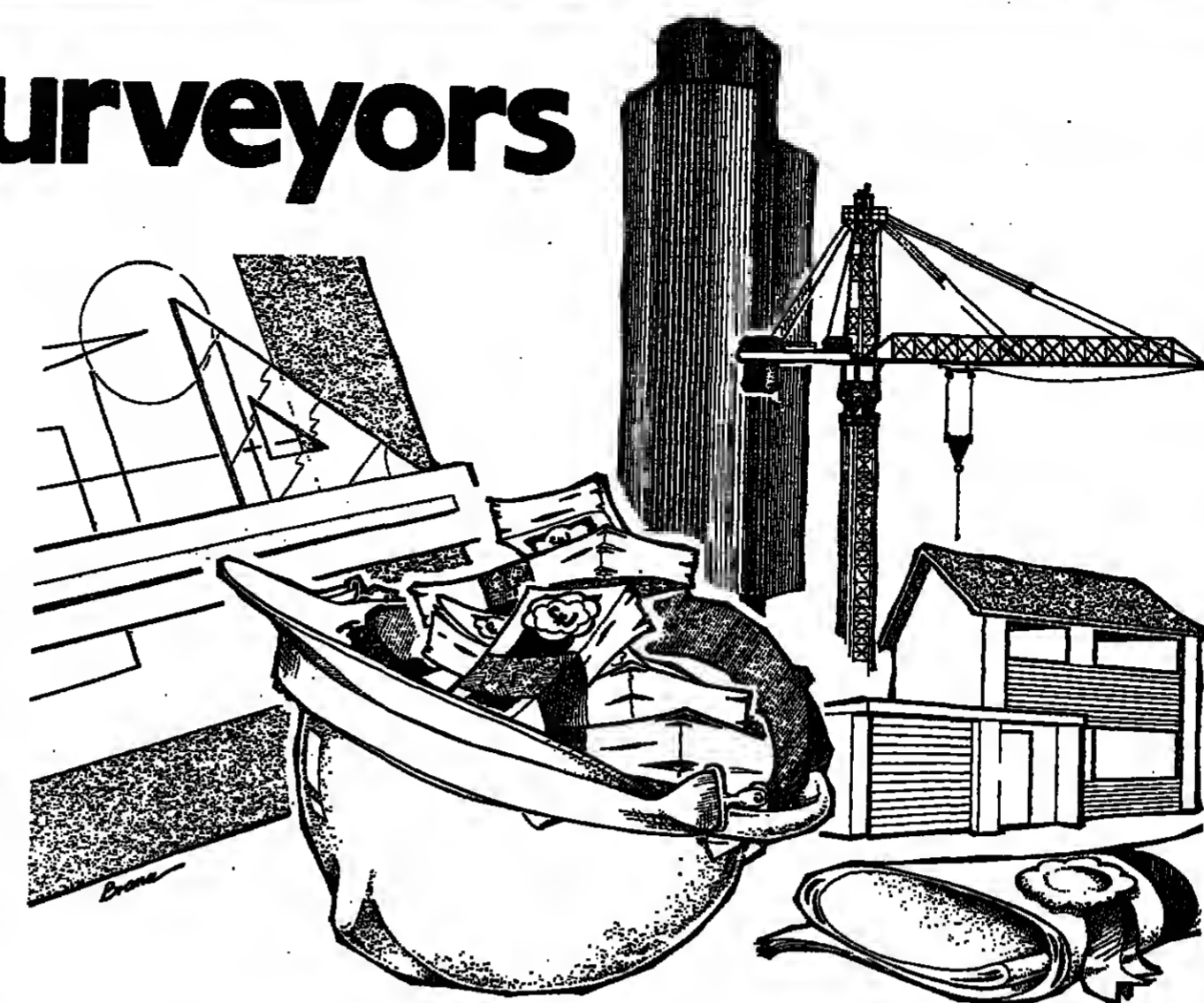
It stands by the professional watchdog of every client's right to the objective independence of his agent or adviser. It questions whether those using the services of others in the financial sector, with different interests to pursue, will always be able to get such a straight-forward guarantee.

Chinese walls, Mr Orchard-Lisle says, would have trouble standing up to a professional surveyor.

Britain is unusual in requiring no qualifications for real estate practitioners. The 1979 Estate Agents Act introduced a framework of regulations which, properly administered, would produce a reasonably ordered market place.

The Government, somewhat to the surprise of the RICS—has not brought into force powers the Act gave to ensure standards of training. The institution also feels the Government's attitude to competition on fees is discouraging professionals from investing time and resources in continuing professional training or research.

Indeed, research into property has a long way to go. The RICS feels that some excellent material has started to appear over the last five years or so and that the Government should be encouraging the trend by



working for better standards. City of London experience suggests that research will take off when firms that can afford it learn how to make it work, in terms of public image as well as private gain.

Mr Orchard-Lisle admits, too, that the quality of investment advice can sometimes seem thin on strategic thinking: "People also sometimes find that property advice is not related to their occupational needs."

The public receives the backing of the Institution through an insurance scheme to protect money deposited with members, and through various courses of action open to the institution against any member who has

failed to live up to its standards. Members practise as specialists in mineral extraction, the agricultural economy, leisure pursuits and inner city redevelopment, and the great majority of the new town development corporations have been led at some stage by chartered surveyors.

"It is, above all, a creative and positive profession where members are qualified to give a professional view as to the optimum use to which any area of land can be put in both the short- and long-term," Mr Orchard-Lisle comments.

"In development the traditional surveyors' skills in the valuation of land and buildings

have been extended over the years and include an almost unique understanding of use and planned maintenance of building materials, the management and supervision of building work and the funding of development projects."

#### Partnership

About 25 per cent of the membership of the institution works in the public sector—for the Property Services Agency (the Government's property management body), local authorities, and central government and government bodies.

In common with other professionals in the public sector, chartered surveyors employed

as civil servants have been adversely affected by government cuts and the trend to privatisation.

"The institution believes that it is wrong to demolish highly skilled departments and teams which have been built up over the years," says Mr Orchard-Lisle. "There is a substantial amount of public sector work which cannot properly be contracted out to the private sector and the continuation of a vibrant in-house professional team remains an important facility."

"We do not see it as right for the private sector to take over all public sector work. A more

#### CONTENTS

- Residential Agency: Predators hover.
- Commercial Agency: Tenants' power rises.
- Getting It Built: Leadership challenge. Page 2
- Investment Services: Filling the gap.
- Portfolio Management: Values built on knowledge.
- Planning: Conflict stimulates demand. Page 3

appropriate concept is a partnership, particularly with the private sector adding specialist skills which cannot be retained economically in-house, and dealing with the public sector's overload of work," he says.

RICS policy is to expect all its members to put in a minimum of 30 hours' structured learning every year. The College of Estate Management at Reading University is handling its third intake for a project management diploma and is working with the Institution on the formulation of diplomas in shopping centre management and property investment.

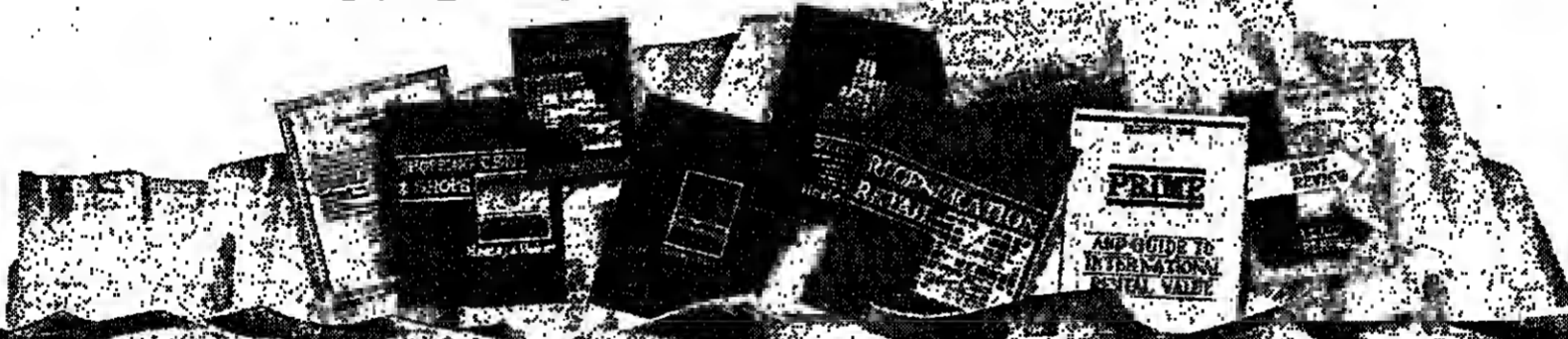
These last two diplomas hint at the institution's concern that its members should be more alert than in the past to the interaction of the world of property with financial markets and their strong management overtones.

RICS officers are much more concerned with readying the surveyor for this than in speculating on the "Big Bang" revolution in UK securities business which has already seen agents Michael Laurie merge with merchant bankers Morgan Grenfell.

More moves like this are regarded as likely and one or two more agents are expected to go public via a stock market quotation. There are also thought likely to be many who will tread this path, at least in part because a lot of clients will still want a traditional independent service.

Surveying firms which stay independent could do so as companies or partnerships. Those firms which lose their RICS membership via takeover or stock market flotation are likely to be legitimised at an RICS meeting this July when rules of membership are changed.

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Chartered Surveyors 2

# Predators hovering as new chains are forged

## Residential Agencies

DAVID LAWSON

RESIDENTIAL estate agency is in the early stages of a revolution. The changes in ownership and operations now taking place are reminiscent of the shake-up in retailing over the past 20 years as chains of food stores supplanted the corner shop.

Just as it dawned on a few aggressive retailers and perceptive outside investors that food was a constant and rich flow of income to build on, so the boom in house ownership and the possibilities of exploiting associated personal finance have drawn estate agents into a wider business field.

Agency groups have been growing in strength since the housing booms of the 1970s, when 30 per cent profit on turnover was common. The most aggressive agencies set about expanding market share by buying rival firms or setting up additional branches in their region of operation. Then Lloyds Bank swept into the business, buying agencies and quickly becoming the largest group in the UK.

Few faces changed, with Lloyds in most cases retaining existing management, but the injection of new money

Lloyds was able to provide was invaluable, making it possible to attract staff, buy computers and boost marketing. The new owners were able to introduce financial planning, a discipline often neglected by the average professional partnership. Other leading chains, such as Surrey-based Mann & Co and Bairdrow Eve in the Home Counties, realised the need for more capital to fight the competition and they changed into public companies and sold shares.

Within the Royal Institution of Chartered Surveyors, which shares professional representation of the agency side of the industry with the Incorporated Society of Valuers and Auctioneers, the National Association of Estate Agents and a few smaller bodies these moves have forced some rapid rethinking. Current rules forbid chartered surveyors from being directors of agencies although ironically, they allow directorship of a property development company. They also rule out holdings of more than 25 per cent by passive outside investors.

The RICS is due to remove these anomalies this year, but some members, among them Mr Jeremy Agace, head of Mann & Co, have left and may not rejoin.

The consternation of the professionals was equalled by the delight of the City of London at the fitful. Lloyds Bank had focused the financial world's attentions on the potential of the previously mundane world of house selling.

Almost 1.5m houses are sold in the UK each year and some 70 per cent pass through the hands of agents—qualified and unqualified. Fees range from 1 per cent to 3 per cent of sale price, and total income is variously estimated at between £300m and £600m a year. This income has an inbuilt inflation hedge, as houses on average have risen in price more than inflation. The future looks bright as home ownership continues to rise from its present level of about 65 per cent of the adult population to a likely maximum of about 75 per cent in the next decade.

Yet, even these sums could be small in relation to the income possible from selling financial services such as insurance and mortgages. When Mann floated last year, some 20 per cent of its profits were said to be from this area, while Bairdrow Eve has raised its mortgage business to this proportion in 1985, when it sold £1bn worth of houses.

This is why BE's issue was 25 times oversubscribed, and similar interest was shown in Councils which were only the 17th biggest agency in the UK (compared with 2nd and 3rd respectively for Mann and BE) when it went public in 1984. It is also why Hambro has just paid more than £70m for 80 per cent of BE while Legal & General has taken an 8 per cent stake in Councils.

The Prudential, Britain's biggest institution, has taken over a provincial agency to test the field of property services, while the broad-based conglomerate, Hanover Investments, has acquired some well-known names, including Druce and Co, and is hunting for more.

Chartered surveyors are caught in a dilemma because their concentration on professional standards has not equipped them in general for this financial activity. Some of the more expansion-minded would like to go public, but the 9,000 or so firms in Britain are mainly small partnerships. "These do not have to keep audited accounts and it is a proviso of a listing to have five years' audited records, so there may be a delay before we see many more flotations," Mr Agace says.

In the meantime, agents are trying to become more efficient—and to persuade the public that it is worth having a chartered surveyor to sell your house. Extra competition is coming from cut-price property shops and services provided in stores like Woolworths and Debenhams. Even some solicitors are opening agencies.

RICS members admit that you do not need to be a chartered surveyor to sell houses, but the qualifications are important for essential technical work like surveys and difficult sales.

"You may not need to be qualified for 90 per cent of sales, but you cannot tell in advance which ones the other 10 per cent will be," says Mr Peter Miller of Storey Sons and Parker, based in north-east England and RICS housing spokesman.

The sole agency practices in this part of the world mean surveys are usually in the



Jeremy Agace, of Mann & Co

Peter Miller, RICS housing spokesman

front office handling sales. But in the south, according to David Robinson of King & Chasemore, where multi-agency is the norm, surveyors tend to be in the back-room, although they are still considered just as important for the technical problems.

Support for qualified staff comes from Mr Agace. "We do not use surveyors for selling houses but we employ a lot of qualified people to do all the technical back-up," he says. He believes the various professional bodies should get together to produce a house-selling qualification and is highly critical of the lack of marketing training by the RICS. Mann runs its own training courses and examinations.

Mr Roy Mercer, head of Black Horse, the Lloyds Bank group of estate agencies, has also admitted lack of marketing training, even though he could not fault the professional grounding of the 237 RICS and ISVA members employed within the organisation. But the RICS has recognised its weakness and set up a new training certificate in marketing.

The future shape of the industry is being moulded between twin pressures—the attentions of predators (who

are sometimes other agents), and the need for better marketing and management skills.

Within the next decade a new balance will be created with about 10 nationwide chains and a lower tier of smaller agents relying on their local market knowledge or the personal contact needed to sell more expensive houses of Mr Miller predicts.

"The building societies may come in for a few years before they realise it is not so lucrative as they thought—not so easy. You cannot simply apply retailing techniques, as the process of buying is so long that people have time to change their mind. You cannot persuade them to buy something they do not want."

Cut-price operators are already finding that something like 80 per cent of overbids are fixed no matter what is sold, and some 30 per cent of sales are aborted. Add that to possible downturns in markets and the firm looks likely to have to work a lot more like hard work to harvest.

Like the corner shop, the small agent could retain its hold because the owner is willing to take on a way of life providing a personal and technical service—which is where the chartered surveyor came in.

# Rise of tenants' power demands new approach

## Commercial Agencies

DAVID LAWSON

THE RISE of tenant power has changed the business of buying, selling and leasing business buildings—the most visible of the services provided by surveyors and the one most associated by the public with estate agents.

At one time a developer would put up his office block or an industrialist would clear out of his redundant factory, and then call in the agent to find a new tenant. The recession of the 1980s has finally killed off that trend. There tend to be more buildings than tenants, who correspondingly now have a lot more power to pick and choose space.

"We now have to be in right from the start," says Mr Julian Sheppard of Richard Ellis, one of the top half dozen commercial agencies based in the UK. "We need to do a lot of research, give a lot of advice on and take a lot of trouble over the right sort of marketing."

A much greater degree of technical knowledge is now required. Letting a small office suite in the City of London, or a small warehouse in Sheffield, may not require the panoply of a full surveying education and qualification from one of the professional bodies—just good salesmanship. Most work is done by light markets, however, needs background knowledge of the technical specifications

related to the efficiency and servicing of buildings so that the questions of more demanding potential tenants can be properly handled.

Similarly, developers and owners selling or letting buildings demand full briefings from agents of the market potential, designs and modifications to increase the chances of a quick transaction.

Agency teams—and even individual partners in small firms—might still retain a separate role from the building surveyors, rating valuers and investment advisers in their office, but they have acquired some of this specialist knowledge because they need to draw together the information for planning and marketing campaigns.

"There is no great necessity to be a chartered surveyor to buy and sell space," Mr Sheppard says. "But when you are giving advice on decisions which can cost a great deal, it is important to be as well qualified as you can."

The rewards for agency work can vary. Since the dismantling of the professional bodies' fixed fee scales these generally involve about 10 per cent of a year's rent or 1½ per cent of the premium on a freehold sale. This can be an attractive return on the letting of a 70,000 sq ft London office block at rents upwards of £20 a sq ft, although not so startling on a 3,000 sq ft warehouse in the provinces let at £1.50 a sq ft after a lot of sand over bids to pay.

In buoyant times agency fees can provide more than half the income of a mixed practice, although they tend to average



Julian Sheppard, of Richard Ellis

about 30 per cent. These are less buoyant times however, and as Mr Michael Dix of Richard Ellis points out, property has fallen from its exalted position as an inflation hedge and now in a consumer-led market.

That means less business and fewer fees. In the UK, brokers do their best to make up by trying to pouch business established clients from each other. UK professional bodies forbid such actions but Mr Sheppard says that a great deal of time is spent approaching companies (through their advisers if they have them) to offer advice on redevelopment, relocation, rationalisation and other property matters, often long before the company has considered such action itself.

Some agencies cut fees to win tenders for work, but this tends to be self-defeating as clients are looking more for sound advice rather than the saving of a relatively small amount of money.

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## Some current questions for property investors...and the answers.

What are the true requirements of high technology occupiers?

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Is accurate, detailed and extensive information on property investment performance readily available?

Drivers Jonas is one of the firms sponsoring Investment Property Databank which already covers over one-fifth of UK institutional property holdings.

What is the likely impact on commercial property of advancing communications technology?

Drivers Jonas has assisted British Telecom in establishing sites for over fifty cellular radio installations.

Do surveyors appreciate the scope for harnessing information technology?

Drivers Jonas has designed and developed sophisticated computer software systems for the UK's largest institutional property investor.



On further thought

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## Challenge for leading role in construction team

### Project Management

MIRA BAR-HILLEL

THE Nissan Motor factory at Washington, Tyne and Wear, was completed just before Christmas to the satisfaction not only of the main contractor, Sir Robert McAlpine, but also of the exacting Japanese client, senior engineering adviser Mr Akira Shimamuki. The £20m contract, which remained within both time and cost—despite a serious delay caused by a sub-contractor—was managed from the beginning by quantity surveyors Turner and Townsend.

Contact with Nissan had been made in 1981. Only weeks after Washington was chosen as the location, full tenders were received and four short-listed contractors interviewed. In view of Nissan's special requirements for speed and reliability, says senior partner Geoffrey Townsend, "traditional UK methods of tender procurement were not even worthy of serious consideration."

The unorthodox approach by Nissan, which included a penalty clause rumoured to have been £50,000 a week, paid off all round.

The project highlights the unpopularity of "traditional" contracting methods and the role which this offers chartered surveyors who are trained to owe full allegiance to their client.

before they become contractual problems. "The QS is a key member of an increasingly co-ordinator and communicator of goals and targets," says Gardner & Theobald's researcher Mr Chris Watson.

"He must ensure that the client's original objectives are met and, if these should change, then this should happen with the least repercussions and with the client's full knowledge of the possible implications before any change is decided upon."

"The QS can even be a blessed peacemaker in the thorny field of industrial relations, as Mr Arika Shimamuki found first hand."

"Your strict demarcation between trades leads to a lack of co-operation between workers and several days may be lost correcting mistakes. In Japan carpenters and steel fixers, for example would help each other."

This general observation could have had serious effects on the contract were it not for Turner & Townsend agreeing an early "overall industrial relations philosophy" and holding frequent meetings, to make sure that such problems never arose.

"The project manager should not manage without it being noticed that he is there. He must generate the feeling of comradeship and team spirit which is so vital—and hopefully make an ally, not an enemy, out of the architect," Mr Finn says.

Clashes with the architect—almost inevitable in forms of contracting which involve non-architect team leaders— are difficult to air in spite of their importance. Surveyors, especially QSs, are often nominated by architects and are therefore reluctant to be quoted. But few believe that architects are still capable of leading effectively in today's conditions, albeit with some exceptions.

All the management-based innovative approaches to construction up to full design and build (which takes about 5 per cent of the total contract) are in widespread dissatisfaction with architects' leadership. This is a problem not helped by the almost total absence of instruction in project management from the profession's architectural training syllabus.

Building surveyors also make a claim for the team leadership. Mr Ted Watts, of Watts and Partners, says the youthfulness of this rapidly growing branch of the profession gives its members the flexibility—and modesty—to perform the function best.

There is a great deal to be said for building surveyors taking key roles in big refurbishments, some of which have cost more than new developments, as well as being more complicated and requiring deep understanding of the structural behaviour of buildings.

Overall, however, quantity surveyors have an edge, as their specialist services are likely to be required by clients even if they are not leading the project.

Design and build specialists, IDC Group, suggest that the client has a QS advising him before, during and after the contract to make sure he is getting the best deal—especially with a guaranteed maximum price (GMP) contracts.

At Gardner and Theobald it is a "practice" for the QS to chair monthly site progress meetings to discuss and expedite areas of uncertainty

### Confidence

"A project manager must have total awareness of his clients' requirements, the input required from consultants, the responsibilities of the contractor and the potential problems and liabilities which may arise," says Mr Ian Miller, a partner with quantity surveyors Gleeds.

"The QS is ideally placed to fulfil this role because the whole training tends to produce meticulous documentation and programmed methods of work." Gleeds has set up a company offering project management.

"The quantity surveyor already has the client's confidence, having been involved at the inception of a project advising on cost and specification. He can thus easily set up the contractual documentation and procedures, integrating within them the information provided by the other professionals, giving him an invaluable overview of the entire situation," Mr Miller says.

General practice surveyors may become involved in an early stage, perhaps even earlier than the QS, if the client seeks property advice before looking closely at the construction options.

"The full working knowledge of the industrial and commercial processes can only be found in the multi-disciplinary practice of chartered surveyors," says Mr David Thomas, of Norman Rourke & Partners. This theme is amplified by Mr Michael Warner of Richard Ellis, who makes much of the surveyor's ability to admit he does not know all the answers. But he does know where to find them, and is never too proud to call in expert advice.

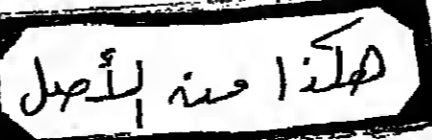
Much is made by general practice surveyors of the property aspects of project management.

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### Chartered Surveyors 3

William Cochrane reports on the growing importance of financial and asset management services

## Profession sets about filling knowledge gap

### Investment Services

SPECULATION has been rife about the role of the chartered surveyor in the reformed UK securities industry after October's "Big Bang" has reshaped the City of London.

The question can be posed—perhaps simplistically—whether the surveyor wants to grow up and become an independent component of the financial services industry, or to get rich quick as an instantly capitalised offshoot of one of the City's new financial conglomerates.

One of the best things the profession has done is to acknowledge its limitations.

"There is a gap between what a property owner is looking for and the advice that he gets," according to Mr Christopher Jones, senior partner of Drivers Jonas, who says he is already comparing the prospective total return on his property with that of an alternative investment. Yet many of these owners are still happy to accept investment advice which reports only on the open market value of the property.

Good stockbroker analysts will have detailed working papers with in-depth trading forecasts leading to earnings projections, capitalised by a figure which reflects long-term prospects to calculate the value of an ordinary share.

"It does surprise me, given that the property valuation has to be based on a projection of growth, that fund managers do not probe the point deeper with their advisers," Mr Jones says.

He gave an example of how it could work. Rental levels respond to demand, for space fuelled principally by company profits. These in turn reflect retail spending or the equivalent in the incomes of industrial and commercial companies.

Movements in rents lag 18 months behind profits and dividends, so those profits and dividends are key leading indicators for the property market," he says.

"We have to get better at understanding the relationship of a property yield with other interest rates and other forms of security." In other words a 6 per cent yield be compared with the return on fixed-interest securities like gilt-edged stocks; a 16.7 years purchase of net property income may reflect well against a price earnings ratio of 20 on an ordinary share.

Few people outside the property industry would know that a 6 per cent yield on a property, and a 16.7 years purchase of net income, is the same thing. Not many people in the property business would draw distinctions of quality between net property income and net corporate earnings—although company "earnings per share" are rarely available in full to pay dividends to shareholders.

### Unitisation

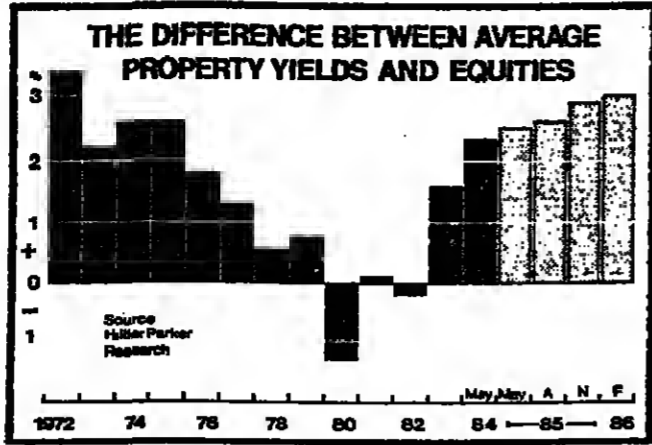
Mr Jones says portfolio selection, and attitudes towards it, could also be improved. Decisions on property investment could be less reactive—less behind events than in the anticipation of them. The unitisation process end the more liquid market it will need may help this to happen.

He likes the analogy of the old hand in the New York equity market selling insurance shares when a hurricane is approaching the coast of Florida. "We do not have that, or its equivalent, in direct property investment yet."

On portfolio selection he says Drivers Jonas would tend to recommend a minimum number of holdings rather than a maximum one, although there was a management cost in having too many small holdings. "For smaller funds, to be in less than a dozen properties would be running too high a risk—up to 20 properties would be preferable," he says.

The problem would be funding quality property in small enough individual holdings. That is where unitisation can help.

Holding a single property in multiple ownership would be socially and economically beneficial," according to a report by the Royal Institution of Chartered Surveyors. "It would...



- Stimulate regional investment in large urban renewal projects.
- Enable groups of smaller investors and, in due course, the public to participate in a wider market, to which they have limited access.
- Create a vehicle which would supplement the activity of high investment institutions.
- Introduce liquidity into the market to the benefit of all classes of investor.
- Open a wider range of property investment opportunities and enable an investor to spread risk through a tax-neutral vehicle.

It agreed with the Rics team on the unit trust vehicle. The proposed market would have limited membership, but dealing prices available to a broader range of users through an electronic distribution and trading system, such as NASDAQ in the US.

It would require tax and legislative changes and the subject remains open until May 31 for discussion—including two public debates to be held in the City of London in April and May.

The surveyors showed up well, as they did on the Rics committee, this time hearing comparison with specialists in other fields. The crunch will come when they put an investment property on this vehicle and take it to market.

"The Unitisation of Real Property—Royal Institution of Chartered Surveyors."

It is still working on the team which makes the market and how it should be made. However, another working party set up by Mr John Barksbire, chairman of the City conglomerate Mercantile House, has looked at the trading possibilities of single property funds.

The team combined the views of chartered surveyors (Mr Robin Broadhurst of Jones Lang Wootton and Mr Tom Simon of Savills) with stockbrokers (Mr Peter Hardy of Row & Pitman and Mr J. B. Hyslop of Phillips and Drew), and fund managers (Mr Michael Mallinson of Prudential Assurance, Mr F. Martin of British Petroleum and Mr D. L. Jackson of Wilverley & Hampshire Estates.



Colin Vaughan (left) and John Barksbire have headed studies of new investment methods.

### Portfolio Management

AT A time when property has been showing poor performance it is ironic that its investment aspects have been highlighted in controversies over valuation, performance measurement, unitisation and the role of prime yields.

But this may be the time that property—lagging equity investments by up to 21 years—is about to improve performance.

In the meantime existing portfolios have to be managed. Mr Robin Broadhurst, City investment partner of Jones Lang Wootton, draws a distinction between asset, portfolio and property management.

"Property asset management embraces the skills required to maximise the total return from a property portfolio on behalf of a client," he says. This includes portfolio and property management.

Mr Peter Redhead, of the property management arm of Hillier Parker, says: "The client wants growth in value—capital, rents or a combination. Property managers want a building to grow to anticipation; they make sure it does that, or better, and that it outperforms other investment media."

He lists four main ways of going about this:

- First, and easiest, to ensure that tenants are happy and demand for the building is constant and increasing — "to create an environment better than that of the competition."
- To work on the frequency of rent review—"the more frequent, usually the more value."
- To improve the type of tenant, the quality of covenant, perhaps to get change of use.
- To decide when a property needs major re-investment. "We are doing a big refurbishment project at the Butts shopping centre at Reading. The tenants have been less than prime but the refurbishment is attracting prime quality tenants and a better class of customer."

Hillier Parker, which manages 14 shopping centres and could be instructed on six or seven more, believes the refurbishment can apply to any type of property. "If you take the risk of buying run-down property, then management can really move it," Mr Redhead says.

It is important to take the same attitude on new developments. In property management we get involved in advising management on shopping centres before they are built.

Mr Broadhurst brings the controversy about valuations into a broader focus. "There is no evidence of significant systematic error in valuations at the portfolio level as compared with sale prices," he says. "Surveyors deal with real worth, stockbrokers with marginal prices."

The property industry is sometimes accused of an ingrown mentality in comparing (or failing to compare) the returns on property with those on equities. Mr Broadhurst has

## Values based on experience

better, and that it outperforms other investment media."

put the boot on the other foot by comparing the quality, and hence the level of risk.

Valuation is an expression of an opinion and the value of the opinion largely depends on the knowledge and experience of all facets of the market," he says. "The quality of opinions not guided by personal knowledge of the market are suspect."

"While valuations of straightforward properties commonly fall within a 5 per cent band, more complex properties may produce opinions showing a larger divergence. Given that property is not a homogeneous market, this situation is inevitable."

"Most property owners have overcome the problem by working with a valuer over a long period and learning to understand the attitudes adopted."

Another area of potential conflict has been performance measurement. Commentators have been finding it hard to decide whether this is a tool for investment managers, a stick to beat them with, or a whip for self-flagellation.

Important work, however, has been done on basic data. Mr Rupert Nabarro has established the Investment Property Data-



"will require market capacity"

bank-funded by Chestertons, Cluttons, Debenham Tewson & Chinnocks, Drivers Jonas, Savills and Weatherall Green & Smith—to record the individual property investments of the major institutions.

Meanwhile, Healey & Baker, Hillier Parker, Jones Lang Wootton and Richard Ellis have been working together on the pilot Property Index study to provide reliable indices of total return and capital value movements in the property market.

The two groups have now got together with IDP providing data for the property index. In future the collation of data and compilation of the Property Index will be carried out by an independent body and published by the Royal Institution of Chartered Surveyors.

The property industry is getting into one of the age-old arguments of investment management—whether active dealing, is a good idea, perhaps to the extent of institutions holding some properties in a dealing portfolio.

Mr Christopher Jones, senior partner of Drivers Jonas, says this will first require market capacity. "The dealing has been construed by the high cost of trading and, until recent years, the lack of reliable information on which to base decisions," he says.

"Property is an imperfect market. If you deal out of it you have to be happier in cash, or something else. While you can turn property into cash in 60 days if you are lucky—certainly in 90 days—it is harder to get cash into property. So dealing to improve portfolio performance is frustrated."

Mr Jones forecasts that until we have a more flexible form of investment—such as unitisation, or its equivalent—the property industry will not be able to achieve active trading in portfolios to anything like the same extent as other securities markets.

### Ingrown

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## Conflicts stimulate demand for advice and negotiation skill

### Planning

ELAINE WILLIAMS

PLANNING is in a state of confusion. The pressure and pace of new forms of building development has resulted in a mismatch between the needs of the construction industry and planning legislation. This mismatch is particularly evident in the growth sectors of retailing and high technology which tend to show up planning policies and legislation as outdated.

Developers of supermarkets and high-technology or office complexes often want greenfield sites, while local authorities are often dedicated to rebuilding or protecting town centres, says Mr Eric Davies, senior partner of G. L. Hearn & Partners.

An example of such a conflict was the five-year battle between developer Mr Derek Penman and Blaby District Council over plans for a 1.25m sq ft shopping centre outside Leicester. Mr Penman had argued that his Centre 21—on a site 94 miles from Leicester at the junction of the M1 and the A45 would bring the equivalent of London's West End shopping to the Midlands and create considerable employment.

The planners, backed by the Environment Secretary, rejected the scheme several times because of fears that re-

tallers in the centre of Leicester would lose trade. After a public inquiry and four High Court appeals, Mr Penman lost another round in his battle to win approval for the scheme in the court last month but may yet appeal again.

Pressure to build other regional shopping schemes around the M25 in the south and between Edinburgh and Glasgow means the outcome is seen as a crucial test of planning policies which protect town centres.

Other planning disagreements are constantly being thrown up because of pressures to create jobs by building new factories and offices—but coming up against the fact that few people want to live near such developments. Trying to create a balance between jobs and the environment is difficult.

Such conflicts have stimulated demand for surveyors to provide advice and to negotiate between local authorities and the private sector. Such advice helps minimise costs and delays when clients are faced with increasingly complex legislation.

of their main roles as providing advice on urban renewal, preservation and general land use against the backdrop of legislation, economics and development potential.

Confrontation between pressure groups and developers is common. Last year in England and Wales there were 18,000 planning appeals, which allowed for withdrawals, was the highest total for 12 years. It is likely that this number of appeals will grow because of pressure for sites in areas affected by the M25 and green belts.

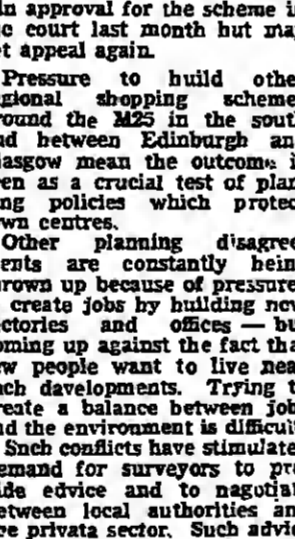
"The tide is going out for planning controls," says Mr John Trustram Eve, senior partner with J. R. Eve. To promote growth there would have to be an easing of restrictions and planning practices.

Mr Eve is involved with the CBI working party looking at the potential within inner London and chairs a working party within the Royal Institution of Chartered Surveyors looking at the future of planning in Britain. He believes that simplified planning procedures will be important for creation of opportunities but that the public's often hostile attitudes towards new developments must change to take advantage of them.

Chartered surveyors on the Property Advisory Group, government "think tank," have also suggested radical changes in the tight categories of business use for buildings. These could enable many planning disputes to be eliminated.

During the past 20 years planning consultancies have emerged as an important area of property advice. Between 1968 and 1984 the number of planning consultants increased by 50 per cent and firms like Hillier Parker have specialised planning departments to help advise clients on the problems of property development.

But surveyors are not alone in this market with architectural firms becoming increasingly competitive as the building industry continues to feel the pressure of the recession.



Colin Vaughan (left) and John Barksbire have headed studies of new investment methods.

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 Mr Stuart Robinson, of Hillier Parker, a leading UK firm of chartered surveyors, says he is most frequently involved in interpreting the legal framework of planning in five areas:  
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 ● Conservation.  
 ● Assessment of planning gain.  
 ● Appeal advice.  
 ● Compensation.  
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THE ARTS

New Issue March 14, 1986

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Arts Week

Music

PARIS Bernard Binigay, piano, Chantal Bastide, soprano, Orchestre d'Harmonie des Gardiens de la Paix conducted by Claude Pichareau...

Opera and Ballet

PARIS Paris Opera: La Traviata alternates with Cherubini's Medea conducted by Fincas Steinberg...

Williams and Holst: Barbican Centre (Mon), (6388891). Philharmonia Orchestra conducted by Esa-Pekka Salonen...

Theatre

Amsterdam, Bellevue Theatre. English Speaking Theatre of Amsterdam with Orton's Entertaining Mr Sloane...

monie, with Heinrich Schiff, cello. Rimsky-Korsakov, Tchaikovsky, Shostakovich (Thu)...

Exhibitions

LONDON The Royal Academy: Sir Joshua Reynolds. The long-awaited tribute from the Royal Academy to its founding president...

Washington National Symphony (Concert Hall): Michael Tilson Thomas conducting...

Exhibitions

Paris The Tate Gallery: 40 Years of Modern Art is a huge, rambling and always fascinating display...

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Arts Week continued. Theatre: Amsterdam, Bellevue Theatre. Exhibitions: London, The Royal Academy. Music: Vienna, Zurich Chamber Orchestra. Theatre: New York, Metropolitan Opera House.

Continued on Page 21

THE ARTS

Cinema/Nigel Andrews

Piping hot pizza does you good

Echo Park directed by Robert Dornhelm... Echo Park directed by Robert Dornhelm. Cloak and Dagger directed by Christopher Morahan. Jagged Edge directed by Richard Marquand. Young Sherlock Holmes directed by Barry Levinson.



Michael Bowen in "Echo park"

"Love is like a pizza," says the aptly named wisecracker (Timothy Carey) who runs a Los Angeles pizza delivery service in Robert Dornhelm's deliciously oat-headed Echo Park. We may speculate at all over what he means, since he does not elaborate. But Echo Park is certainly like a pizza. It has a half-dozen different and pungent flavours; it has a hard crust and soft centre; and if you do not take care when eating, it can drop warm squishy bits straight into your lap.

popular demand) physically assaulting his car. Cloak and Dagger comes once again that when you want audiences to smile in front of a British TV or movie screen, all you have to do is tell them to say "Cleese."

smoothie Peter Coyote, along with her old foulmouth of an ex-op Dad (Robert Loggia) and her own Reader's Digest style of lawyer's advice: "Body language is really important in court," and so on. This amiable romp rumps on through twist and counter-twist via serrated hunting knives and clue-dropping typewriters. It is assisted by a crisp cast of characters and a complete absence of profundity in any of them. Britain's Richard Marquand (of Return Of The Jedi) directed, Joe Eszterhas scripted and John Coquillon bandsoomy photographs.

Young Sherlock Holmes is a preposterous proposition for a purist: the hypothetical teenhood of a famous detective born surely with meerschaum in mouth. We say nothing of dark receding hair and a tendency, when not solving insoluble crimes, to inject himself with cocaine and play the violin.

Café Puccini/Wyndham's

This is a very unsatisfactory awkward compilation show from Robin Ray, a "Side by Side by Puccini" with peripheral pretensions to cabaret format. For a mobile and restless chap, keeping tabs on his operas all over Europe when he should be revealed to you, how Enders tries to whistle up hit ditties while driving round LA in a van which could attract the Eyesore Abatement Society (a giant light-up wedge of mock

Bohème at Torre del Lago, even if a reminiscent trio from Golden Girl is dragged in to suggest the remote possibility. We have swift, risible visits from Mr Hillier as Mascagni, Leoncavallo, Illica and finally son Tonio (miraculously compressing news of his parents' reunion, Ricordi's death, Tito's succession and the First World War into 30 seconds) and some eccentric musical direction from William Bezzard on the ivories. The great Act 2 duella of La Bohème is presided at a vehicle for Miss McAuliffe's tarty Musetta to rule the roost in an otherwise incomprehensible sequence, typical of an evening that veers between a second-rate nude-gloss for opera buffs and a poor substitute for "Friday Night is Music Night" on Radio 2.

Unfortunately the show slumps immediately into potted biography interspersed with occasional bits of wreckage from any dramatic context. Puccini was, above all, a man of the theatre; as he wrote to one of his later librettists, Adam, he felt commanded by God to write for the medium. He regarded his work and his artistic decisions jealously; history has proved him right on such matters as the third act of Tosca, deemed by the publisher Ricordi to be a disaster. Everything about this sorry comedy betrays a most incoherent theatrical instinct.

The best singing comes from Miss McAuliffe, but I was sorry to be deprived of the promised (in the programme) versions from Jacinta Mulcahy of the more famous aria of Mimì and Tosca. As Miss Mulcahy plays the waitress and Doris, I suppose she must expect to have a rough time. No tips. That double, incidentally, is toyed with and dropped with the very opposite of competent Puccinian thriftness. Only when Mr Flanders swakes from his nightmare to find the neon-lit café sign extinguished to make way for Strauss does the opening promise of excitement return, briefly and too late.

LPO/Festival Hall

Paul Driver The Royal Philharmonic Society's series of Festival Hall concerts by different orchestras each playing French music resumed on Wednesday night with a programme given by the London Philharmonic under Yan Pascal Tortelier and included a work by Debussy which has been previously heard in this country—Khamma, a ballet-pantomime, "légende dansée," in three scenes, lasting a total of some 20 minutes.

It was an unlucky work. The once-renowned dancer Maud Allan (rival to Isadora Duncan) paid Debussy generously for music to accompany a ballet scenario of her own devising (it was adapted from an old Egyptian story, and then literary editor of the Daily Telegraph, W. L. Courtney, lent a helping hand). Debussy produced a piano version with enthusiasm, and scored the prelude with what he considered special success. But he was diverted from finishing the orchestration — Charles Koechlin completed it in the event performed Khamma. The score was first heard in Paris in 1924 (11 years after its completion), and the ballet first staged only in 1947, in Paris.

Arts Guide

Continued from Page 20... artistic creativity with architects like Wagner, musicians like Mahler and Schoenberg, thinkers like Freud and painters like Klimt, Schiele and Kokoschka... WEST GERMANY: Schwerdtfeger Museum Kurt Schwitters... SPAIN: Madrid: Modern masters from the...

Thyssen-Bornemisza collection gathers 114 works from French Impressionism to North American abstracts: Cézanne, Gauguin, Manet, Monet, Toulouse-Lautrec, Degas, Bonnard, Pissarro, Sisley, Van Gogh, Picasso, Juan Gris, Braque, Léger, Rognard, Chagall, Kokoschka, Kandinsky, Rothko, De Kooning, Bacon, etc. Brussels: Toulouse-Lautrec — paintings, drawings and lithographs... ITALY: Venice: Museo Correr: 127 drawings from the rich collection owned by the museum... NEW YORK: Metropolitan Museum: Liechtenstein, the Princely Collection, one of the greatest private collections in Europe...

ns, Lucca and the Alps. Ends March 30. Florence, Museo Nazionale del Bargello: Homage to Donatello: to celebrate the 6th centenary of his birth... CHICAGO: Art Institute: The 75th American Exhibition chronicles the current scene in American art represented by 20 artists... TOKYO: Masterpieces of 19th-century German paintings from the National Gallery in Berlin: 94 works by artists including Casper David Friedrich and Wilhelm Leibl... NETHERLANDS: Haarlem, Teylers Museum: Survey of French 18th-century graphic art... WASHINGTON: Hirshhorn: The eight contemporary American artists in the Directions series include a light installation made for the show by James Turrell...

Elegy for Young Lovers/Elizabeth Hall

Andrew Clements

The first productions of Henze's Elegy for Young Lovers took place in Schwetzingen and Glyndebourne in 1961. Scottish Opera staged it in the early 1970s, but until Wednesday the opera had not been seen in its entirety in London. To celebrate Henze's 60th birthday, which falls in July, the London Sinfonietta hatched the idea of presenting Elegy at the Elizabeth Hall, in what might be termed a semi-staged version. How the orchestra accumulated the necessary finance is a marvel even by their standards, but accumulate it they did, and the composer himself conducted the performance to a more or less capacity and enthusiastic house.

The libretto for the opera has attracted almost as much attention as the music, for W. H. Auden and Chester Kallman provided one of their less literary texts in what they admitted was a homage to Hofmannsthal, their own version of Arabella. Sometimes the text gets in the way; lines trip up over self-consciously clever rhymes become absorbed into an operatic scenario it works smoothly enough and the central image of the egocentric poet Mittenhofer who destroys young couples is aptly and elegantly put in the hands of Elizabeth, to fuel his own waning creativity is starkly conveyed.

At the end of the second he murders his sister, having learnt that she has a lover. Pagliacci very much for grown-ups. Even aged only 26, Weil was plainly a born musical dramatist. The Hindemithian atonal scurrying (authentically alienating) and occasional leopron lyricism (Korngold cleaned up by about 75 per cent) are riveting to listen to on their own terms and also consistently serve the drama; the short piece ends—and disturbs—from start to finish, on this occasion despite an over-fussy, almost panicked production by John Eaton—(who also provided the good translation).

Updating the piece from Elizabethan England to white-faced expression-era was no help at all; action and setting failed to gel. Strong performances from Nigel Robson, splendidly crazed as the protagonist, and Elizabeth Byrne as the sister were pluses, as was the fine playing by wind band of the virtuosic mime sequences. The orchestra itself was a pitiful up-stage behind drapes—a pity,

Hungarian State SO/Barbican Hall

Domonic Gill concerto next was the 26-year-old Vilmos Szabadi. There were some misjudgements, mostly of tempi (Szabadi came out of the first-movement cadenza like a bat out of hell, about three times as fast as makes sense, and was almost forced to his knees by the music until he found the tempo again). But it was all the same a performance of uncommon nerve and brilliance, beautifully tuned, strong and confident, even not yet fully matured. After the interval the Hungarian orchestra gave a Brahms first symphony that was

Mar 14-Mar 20

Saleroom/Antony Thorncroft

Ripon bagged at £48,400

The game books of Lord Ripon, the greatest shot of the golden age of the shooting party in the late 19th and early 20th centuries, sold for £48,400, a private English collector in an evening sale at Sotheby's Billingshurst auction rooms on Wednesday. Apart from listing Ripon's bags it is decorated with sketches of his shooting companions and their ladies by the man who once had seven pheasants dead in the air at the same time. One of Lord Ripon's Purdew bammer guns made £6,600. A group of 70 drawings and watercolours in an album once owned by Queen Victoria went for £188,325 at Sotheby's yesterday. The London dealer Fritz-Durville paid £18,700 for a portrait of Victoria's son, Prince Arthur, painted by the man who once had seven pheasants dead in the air at the same time. One of Lord Ripon's Purdew bammer guns made £6,600. A tile panel made by Morris and Company to the designs of Burne-Jones and Philip Webb for the artist Myles Birket Foster was bought at Phillips yesterday for £12,100 by the Fine Art Society. A Chiparus lamp shaped like a dancer made £8,800. At Christie's on March 25 the orders, medals, decorations and gifts conferred on Sir Henry Morton Stanley, best known for his meeting with Livingston, come under the hammer. They should amass £75,000. Sold by his grandson, they include a gold and encrusted oval snuff box given to Stanley by Queen Victoria and a presentation jewel bearing a miniature of the Queen.

STAYING IN LYON? Complimentary copies of the Financial Times are now available to guests staying at the following hotels: HOTEL DES ARTISTES LYON, FRANTIEL LYON, GRAND HOTEL CONCORDE LYON, HOTEL LE ROOSEVELT, HOTEL SOFTEL LYON



POLITICS TODAY



Peter Walker (left), an ally for Kenneth Baker (right); Sir Frank Layfield (centre) whose report is awaited

Britain: ready to get off the nuclear fence

By Malcolm Rutherford

ON THE FACE of it, this has been a discouraging week for the nuclear industry and a British Government in search of an energy policy for about the year 2000, when the oil runs out.

The House of Commons Select Committee on the Environment has criticised in rancorous terms the nuclear reprocessing plant at Sellafield for its record of frequent leaks of radioactive material. And Mr Peter Walker, the Energy Secretary, announced yesterday that the report of Sir Frank Layfield, QC, on whether there should be a pressurised water reactor at Sizewell in Suffolk has been postponed yet again.

"I immediately asked the Lord Chief Justice," he said in a lecture, "for leave of all normal judicial work for six weeks and was granted it. That, working very long days, plus another 24 months in the evenings, was just about enough to enable me to keep ahead. If this essential preparation is not done to begin with, it cannot be done thereafter."

The work goes on late at night once the inquiry has begun. It means reading the transcripts, the proofs of the witnesses due the next day and keeping up with all the scientific journals mentioned in reports. Otherwise there is no point in doing the job.

That was only Windscale and reprocessing. The case of Sir Frank's exercise was much bigger. Under the Electricity Act of 1957, any local planning authority objection to the building of a power station — even a windmill, let alone a reprocessing plant — obliges the Secretary of State for Energy to hold a public inquiry. These used to be quite short. The inquiry into the application for the Dungeness A power station in Kent in 1958, for example, lasted three days.

What has changed in more recent times are the terms of reference. Public inquiries local objection to the site. They also study the whole basis of the policy.

Britain, as the first nuclear power, has been dithering too long about what to do next while other countries have been going ahead. Mr Baker says that if he had not made his statement about nuclear waste on February 25, there would have been a danger of the idea getting round that the country was getting out of the industry altogether. He now thinks that it is possible to begin to go back on the offensive.

Lombard The French rush into paper

By David Marsh in Paris

FRENCH people, as everyone knows, are attached with reckless sentimentality to hunks of dull yellow metal stashed under beds. If there is any money left over after dabbling in gold, it goes into bricks and mortar, mucky strips of farmland or suitcases bound for Switzerland on the midnight train.

Sellafield and nuclear power

From Mr N. Franklin, Sir—Almost everyone would agree that the future use of nuclear power in Britain will be determined by its acceptability to the public and therefore by its perceptions of the risks.

Video and tape levy plans

From Lord Wilson of Rievaulx Sir—According to your report (March 15) the Government is proposing to introduce a levy on blank audio tapes, but not on videotapes.

Letters to the Editor

viewed not only once but become part of permanent collections, are loaned to friends, and even as a Christmas present.

Land as an asset

From Mr N. Davie-Thornhill Sir—I read with interest John Cherrington's comment (March 4) on land values.

How to convert your PC to an XT

Advertisement for Hardcard expansion slot. Includes diagram of a PC case with a Hardcard inserted into slot A. Text describes the product's features, performance, and warranty.

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Balfour Beatty for Refurbishment 01-686 8700

FINANCIAL TIMES

Friday March 14 1986

BELL'S SCOTCH WHISKY BELL'S

DECISION TO REMAIN IN ALLIANCE WINS WARM WELCOME

Nato breathes easier after Spanish vote

SPAIN'S vote to stay in the North Atlantic Treaty Organisation was warmly welcomed yesterday at alliance headquarters in Brussels and greeted with widespread relief in the capitals of the 16-member organisation.

Defence officials throughout Nato even though Spain's membership of Nato has up to now been primarily of political importance, a No vote could have led to a crisis of confidence within the organisation.

able practical difficulties for some of Spain's partners, since the country is involved under a Nato banner in the new European fighter project with Britain, West Germany and Italy.

in 1982, when the former conservative government was on its way to full integration for Spain in Nato's military command structure, a process halted by the socialists. But Spain has remained - as France is not - a member of the influential Defence Planning Committee and of the Military Committee.

moderate countries not wishing to accept all aspects of the alliance. Gen Bernard Rogers, the supreme commander in Europe, said that Spain's position outside the command structure would mean "we could at least carry on with the Spanish forces to the extent that we do with the French" - which includes thorough military consultation and joint exercises.

Brussels examines loans to Perrier

THE European Commission is scrutinising the conditions under which the French Government has granted loans to Perrier, the mineral water company, and Societe Europeenne de Brasserie, a brewing company in the BSN group.

These actions are taking place under Article 93 of the Treaty of Rome, setting up the European Community. Generally, subsidies are forbidden by the treaty, but there are exceptions under the control of the Commission.

US sharpens criticism of Chile's human rights record

BY ROBERT GRAHAM IN LONDON THE Reagan Administration has sharply escalated its public pressure on the dictatorship of Gen Augusto Pinochet in Chile with a wide-ranging criticism of both the regime's human rights record and its failure to establish a dialogue with the moderate opposition.

the persistence of serious violations of human rights in Chile." At a subsequent press conference, Mr Schifter said: "We go public when it appears our quiet entreaties have not been adequately responded to."

Latin American governments. Gen Pinochet and the ageing Gen Stroessner in Paraguay head the only right-wing military dictatorships left in Latin America.

Eurobonds will back new UK home loans

BY Clive Wolman in London A GROUP of London institutions yesterday announced the formation of a specialist mortgage company, with £25m (\$36.4m) of equity capital, to launch the UK's first market in mortgage-backed securities.

UK to decide on N-power

tricity demand in the past three years had been growing faster than had been forecast. When the CEB had drafted its case for Sizewell B, there was no immediate need for its capacity to maintain supplies, so the board had concentrated on a case showing that Sizewell B was a good commercial investment.

\$1bn loans for Latin America

THE British Government is relaxing its rules on research funding to make it easier for UK companies to join Eureka, the pan-European technology programme involving 18 countries.

Mexico to ease airline rules as tourism boost

MEXICO yesterday announced measures to deregulate air travel in order to boost revenues from tourism and thus partially offset the huge drop in foreign exchange earnings it faces this year as a result of the collapse of oil prices.

Britain relaxes funding rules for Eureka project companies

BY PETER MARSH IN LONDON THE British Government is relaxing its rules on research funding to make it easier for UK companies to join Eureka, the pan-European technology programme involving 18 countries.

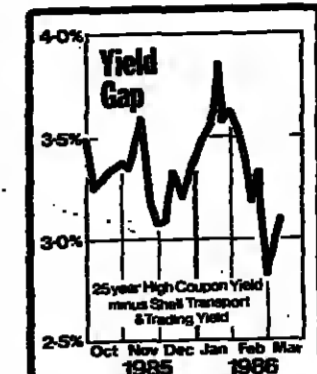
Rowntree Mackintosh

Rowntree is fighting a constant and expensive battle with both competitors and customers to improve its position in the confectionery market.

THE LEX COLUMN

Hollow laughter from Shell

On the day that Exxon cited the fall in the oil price as a reason for a \$2.8bn cut in its capital expenditure programme Shell has seen fit to announce an increase in its dividend.



directly from such negative influences as London-based price-earnings calculations. The London market, moreover, has evidently thinned out. Yesterday it was hard to buy the shares when they were initially marked down for failing to beat the more enthusiastic profit estimates, and they closed 15p to the good at 468p.

Unlike its North Sea partner Shell is intending to spend as much this year as it had planned to in 1985, until that figure was swollen by the chance of buying half of Ory's giant Colombian oilfield. Similar opportunities to buy once-in-a-lifetime assets from financially stretched US oil groups are likely to be much thicker on the ground (and offshore) this year.

That should not alarm shareholders who do not share Shell's long-term view of the markets in which it operates. For at least the UK shareholders seem set to benefit from the petrocurrency tendencies of sterling, which have been obscured by the recent weakness in the dollar, to the dismay of all oil companies reporting in sterling.

The sad truth is that Rowntree's main markets offer little growth but plenty of opposition. The only exception is specialist retailing, where expansion through buying shops has fired the board's imagination. The Original Cookie US business, which shipped in around £2m in nine months, might breed chains of hot biscuit shops across Europe.

Jaguar

Jaguar is developing into the quintessential Big Bang stock. Around 40 per cent of the company is held by US investors, who turn over roughly 3m shares per day on Nasdaq. As a result the share price seems to have escaped almost entirely from the influence of the London market.

Bell/BHP

The possibility of a Pacman defence in the Bell Resources takeover bid for BHP must have figured in the earliest computations of Mr Holmes & Court. It has always appeared a test of the BHP management's nerve, whether they would be able to resist the temptation of responding to outrageous pressure by making a retaliatory offer for Bell.

World Weather table with columns for location, temperature, and other weather data.

Tin group quits LME

since the tin council, which ran out of money administering an inter-government price-support pact, defaulted in October. Lonconex had previously announced plans to leave the ring, MMC Metals went into liquidation, and Henry Bath & Son was taken over this week by Metallgesellschaft Ltd.

Statesmen meet Mandela

Metallgesellschaft intends joining other banks and brokers owed money by the ITC in suing the tin council and possibly its 22 member governments, including the UK. The LME says it might sue on the brokers' behalf. The exchange itself faces legal action from broker Shearson Lehman Brothers and its subsidiary, Shearson Lehman Metals, over the ring-out decision.

Rowntree Mackintosh

Rowntree is fighting a constant and expensive battle with both competitors and customers to improve its position in the confectionery market.

Alexanders Laing & Cruickshank Holdings Ltd advertisement with logo and text.





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# INTL. COMPANIES & FINANCE

## Sandvik recovers with record profit

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SANDVIK, the Swedish cemented carbide and special steels group, boosted its profits by 59 per cent last year, continuing two years of strong recovery following the plunge into losses in 1983.

Profits (before extraordinary items) climbed to a record SKr 1.610bn (\$222m) compared with SKr 1.013bn in 1984 and a loss of SKr 179m in 1983.

Sales were strong in most markets, particularly in Western Europe. Group turnover rose by 11 per cent to SKr 12.58bn from SKr 11.886bn in 1984 while new orders rose by 9 per cent to SKr 12.927bn.

The strong improvement in profitability was chiefly due to a high level of capacity utilisation and increased productivity, Sandvik said.

Return on capital employed rose to 21.3 per cent compared with 20 per cent a year earlier while profits per share jumped to SKr 82 from SKr 52 a share in 1984.

The big jump in profits was also helped by lower financial costs and foreign exchange gains on long-term debt of SKr 142m compared with losses of SKr 190m in 1984.

Sandvik took a one-off write-down of SKr 178m on inventories in the last quarter of the year as a result of the fall in raw materials prices.

The group said it expected to hold profits this year at around the 1985 level even if there was only a modest increase in turnover.

Sandvik is increasing its dividend by 40 per cent to SKr 14 a share from SKr 10 in 1984. At the same time it is planning a four-for-one share split and it is also to make a one-for-three bonus share issue.

In addition it is offering shareholders with A-free shares an exchange to B-free shares which are also quoted on the London Stock Exchange and are traded in larger volumes. The B-free shares have generally traded at a small premium to the A shares.

Most of Sandvik's profits came from its cemented carbide operations which accounted for SKr 1.1bn of group profits of SKr 1.6bn, an increase of 39 per cent.

Profits of the special steel division rose more slowly to SKr 255m from SKr 238m in 1984 while profits from saws and tools increased to SKr 95m from SKr 65m a year earlier.

Sandvik reaped the benefits last year of a far-reaching rationalisation of its operations in recent years as well as of stronger market conditions.

## First Chicago warns of increase in bad loans

FIRST CHICAGO, holding company for the 10th largest US bank, has warned that its non-performing loans are likely to increase significantly in 1986, beginning as early as the end of the first quarter because of weaknesses in real estate, energy and metals industries, Reuters reports.

The quality of its outstanding loans to Mexico and Brazil could also deteriorate this year, the company says in its annual report. It added, however, that actual write-offs for commercial loans will decline.

The company declined to predict the level of non-performing assets in the first quarter, but the increase in non-performing loans would also come from loans to other financial institutions, it said.

It had non-performing loans of \$857m at December 31, down from \$758m a year earlier. Loan write-offs were \$271.5m, down from \$414.9m. About two thirds of last year's write-offs were on loans to commercial borrowers and a third on consumer loans.

First Chicago said consumer loan write-offs, mostly on credit cards, would rise this year.

About \$200m of its \$1.9bn in energy loans is to companies in oil and gas drilling businesses, the most vulnerable part.

Most of the rest of its energy loans were to financially sound, large energy companies, it said.

Schlumberger

SCHLUMBERGER ANNUAL REPORT 1985

### CHAIRMAN'S LETTER

Grief and shock - this is how we will remember 1985. Jean Riboud, after 34 years with the Company and 20 years at the helm, has left us too soon. We will remember him for his long-term vision and sense of detail, for his charisma and sense of modesty, for his patience and sense of urgency. The Schlumbergers and Jean Riboud have created and forged Schlumberger. What a challenge to follow them.

It was a difficult year for our businesses:

- The oil industry, mainly in the United States and the OPEC countries, went into disarray: oversupply, expectation of an oil price decline, excessive debt after restructuring, difficulty in securing financing, uncertainty about taxation, all of this drastically reduced the activity in the United States and in the Middle East and created turbulence throughout the rest of the world.
- The semiconductor industry went through its worst recession since its origin.
- The other industries, in the United States, in Europe, in Japan, were waiting for a clear signal that the world was finally getting out of inflation and away from austerity that the banks would hold, that protectionism would not ruin their investment plans.

Earnings of the Company for the past year were \$862 million, down 27%, and for the first time since 1980, below the one billion dollar mark. Furthermore, we decided to reduce the value of Fairchild in the Company books to reflect current conditions. This caused an exceptional charge to earnings of \$311 million, reducing 1985 net income to \$331 million.

Crises have their value: they force us to concentrate on the essentials, to reconsider every option.

What are our businesses?

- First, we are an oilfield services company, bringing technology to the oil industry anywhere, anytime. Whenever I am among the Schlumberger people in the oilfield, in China, in the North Sea, in Alaska, I see the team at work and it works extremely well. It is lean, conscious of its quality, eager to serve the client, and fighting for margins. But we want more: Schlumberger has to emerge from the present crisis, stronger, better and not stunted. The key to this lies with the research and engineering centers. Despite the oil recession, we have spent at a record level for research and engineering, in dollars and as a percentage of revenue. We have the financial means to continue but we will demand results. New tools in wireline logging, testing, pumping and drilling will place us in a unique position to fight the present recession and to take full advantage of the recovery.

Our goal in the oilfields is to be the best, not only in the wireline but also in the other services. We shall continue recruiting from all countries, placing priority on continuous training, giving full responsibility through decentralization to the field organization, appraising people on results and on human qualities. In addition to our present oilfield businesses, Wireline, Flopetrol Johnston, Dowell Schlumberger, Sedco Forex, and Anadrill, we are starting our own surface seismic activity oriented toward reservoir description.

Are we at the bottom?

Even if the price of oil does fluctuate widely in the coming months, we have now entered a period of lower prices. This should help most countries revive their economies.

Demand for energy will grow again; oil and gas will supply most of the increase. Slowly but certainly oversupply will disappear and the Nineties could be similar to the Seventies and the Fifties, even more so if the oil industry stops looking for new oil.

A stronger economy means also a better environment for the electronics part of Schlumberger. Measurement & Control is already benefiting from increased orders and a higher value of the European currencies. Orders are coming back at Fairchild and at Applicon.

Nothing worthwhile is easy and we are fighting. But we are in the right business, bringing technology to industry - we have the best people, we have the imagination, the courage and the patience.

February 19, 1986

*Michel Vaillaud*  
Michel Vaillaud  
Chairman & Chief Executive Officer

| THREE YEAR SUMMARY                    |          |          |          |
|---------------------------------------|----------|----------|----------|
| YEAR ENDED DECEMBER 31,               | 1985     | 1984     | 1983     |
| Revenue, in millions                  | \$ 6,557 | \$ 6,370 | \$ 5,797 |
| % Increase (decrease) over prior year | 3%       | 10%      | (8%)     |
| Net Income, in millions               | \$ 351*  | \$ 1,182 | \$ 1,084 |
| % Increase (decrease) over prior year | (70%)    | 9%       | (20%)    |
| Per common share:                     |          |          |          |
| Net Income                            | \$ 1.17* | \$ 4.10  | \$ 3.73  |
| Cash dividends declared               | \$ 1.20  | \$ 1.12  | \$ 1.00  |
| Number of employees                   | 72,810   | 74,970   | 77,820   |


\*Net income for 1985 includes nonrecurring charges with an after tax effect of \$711 million (\$1.71 per share). Excluding these charges, net income would have been \$862 million (\$2.88 per share).

\*\*For comparison purposes, this figure has been adjusted to include the 8,900 employees of SEDCO and Dowell Schlumberger North America, which were acquired in 1984.


Certain information relating to directors' share dealings and group companies, required by The Stock Exchange in London to be made available, may be inspected during the next three weeks during normal business hours at Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB, from whom copies of the full Annual Report of Schlumberger Limited for 1985 may be obtained.

This announcement appears as a matter of record only.

FF 255,000,000



Sale and Leaseback of One Douglas DC10-30 Aircraft




PaineWebber International

February 1986

All of these securities have been sold. This announcement appears as a matter of record only.

March 1986



2,220,345 Shares

## Alex. Brown Incorporated

Common Stock

Alex. Brown & Sons Incorporated

|   |                                      |                                    |
|---|--------------------------------------|------------------------------------|
| Bear, Stearns & Co. Inc.                            | The First Boston Corporation         | Dillon, Read & Co. Inc.            |
| Donaldson, Lufkin & Jenrette Securities Corporation | Drexel Burnham Lambert Incorporated  | Goldman, Sachs & Co.               |
| Hambrecht & Quist Incorporated                      | E. F. Hutton & Company Inc.          | Kidder, Peabody & Co. Incorporated |
| Lazard Frères & Co.                                 | Merrill Lynch Capital Markets        | Montgomery Securities              |
| Morgan Stanley & Co. Incorporated                   | PaineWebber Incorporated             | Prudential-Bache Securities        |
| L. F. Rothschild, Unterberg, Towbin, Inc.           | Salomon Brothers Inc.                | Shearson Lehman Brothers Inc.      |
| Smith Barney, Harris Upham & Co. Incorporated       | Wertheim & Co., Inc.                 | Dean Witter Reynolds Inc.          |
| A. G. Edwards & Sons, Inc.                          | Oppenheimer & Co., Inc.              | Thomson McKinnon Securities Inc.   |
| Sanford C. Bernstein & Co., Inc.                    | Cazenove Inc.                        | Eberstadt Fleming Inc.             |
| Kleinwort, Benson Incorporated                      |                                      | Rothschild Inc.                    |
| Brown Shipley & Co., Ltd.                           | Morgan Grenfell & Co. Limited        | Pictet International Ltd           |
|   | J. Henry Schroder Wagg & Co. Limited |                                    |

INTERNATIONAL COMPANIES and FINANCE

Issuing houses put brake on new dollar offerings

BY CLARE PEARSON

ISSUING HOUSES took heed yesterday of the lacklustre state of the Eurodollar market... The dollar securities rate market has been more stable than the fixed rate sector...

both expire in February 1987. The exercise price of the call warrants is 119 1/2, and on the put warrants 107. This reflects the substantial premium to par at which the long bond has been trading recently...

Japanese department stores company Tokai. There are 500,000 warrants with a life of four years. Each warrant provides the right to buy 100 Tokai shares at ¥508 a piece...

Alex Nicoll examines the prospects for an alternative source of borrowing London hopes for sterling paper market

BANKERS in London are hoping that Mr Nigel Lawson, the Chancellor of the Exchequer, will open a new market in sterling-denominated commercial paper in his Budget on Tuesday...

the key monetary aggregate, sterling M3, would be reduced to the extent that companies substituted commercial paper for bank borrowing, and could be made irrelevant if the flexibility of the instrument caused a significant increase in corporate borrowing...

Euromarkets have been openly gearing up to launch the new instrument when the Treasury's starting gun goes off. Amid the worldwide trend towards securitisation of debt and disintermediation of banks, they see it as another way to earn fees and remain prominent in lending...

executing monetary policy. From 1981 until the policy was scrapped last year, the British Government issued more gilt-edged stock than was necessary to meet its borrowing requirements...

rates (Libid), and says it will be a competitive borrowing source only if Libid does not exceed the eligible bill rate by more than about 0.06 percentage points (six basis points)...

Fund aims at US and Japanese bonds

NIKKO SECURITIES is to start marketing from mid-March, a new type of money trust fund, The Nagai Bond Fund...

dollar exchange rate averages ¥180 for a year, Japan's second-largest securities firm said. The ratio of funds to be invested in foreign government bonds will be raised if the yen strengthens further against the dollar...

Three types of money trust funds have been available to corporate investors since 1984. They are the date of alignment with the Nikko Securities has decided to market the new financial instruments to comply with strong requests from individual investors for such a fund...

Liffe launches two interest rate options

TWO NEW interest rate options were launched yesterday on the London International Financial Futures Exchange (Liffe)...

Recent record volumes in the Libor market contracts, amid the strength and hectic activity of all UK financial markets, appear auspicious for the new options. Trading in futures and options is also expected to increase as the Big Bang restructuring of UK markets takes place this year...

Tax cuts urged to revive Swiss market

THE SWISS FEDERAL Council (government) is considering changes in taxation that could lead to the opening of a money market and revive Eurobond business in Switzerland...

possibility. The change would open the way for the development of the money market which does not exist in Switzerland at present, but which both the banks and the National Bank would like to have available...

interbank credits would bring only an insignificant loss in Treasury revenues but could have a positive effect on the Swiss financial centre. This measure would be quite important for the banks which are resorting increasingly to the interbank market as compulsory savings schemes sap the growth in bank deposits...

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on March 13

Table with columns for US DOLLAR STRAIGHTS, DEUTSCHE MARK STRAIGHTS, SWISS FRANK STRAIGHTS, and YEN STRAIGHTS. Each column lists various bond issues with their respective prices and yields.

Japan to lift issue limit on foreign offshoots

By Yoko Shibata in Tokyo. JAPAN'S Ministry of Finance is to remove the ceiling on bond issues by local companies overseas subsidiaries to give them more flexibility in raising funds...

Japan to lift issue limit on foreign offshoots

At present overseas subsidiaries of Japanese corporations are not allowed to issue foreign bonds above the limit set on parent companies' debt issues. The ministry will not permit funds raised by overseas offshoots to flow back freely into Japan...

Japan to lift issue limit on foreign offshoots

The decontrol is expected to encourage overseas subsidiaries of the Swiss market, that total four times the ceiling on its parent company. The issue will be lead managed by Union Bank of Switzerland with Tokai Bank, Sumitomo Bank and Sanjoma Bank and Sumitomo Trust and Banking as co-managers...

Japan to lift issue limit on foreign offshoots

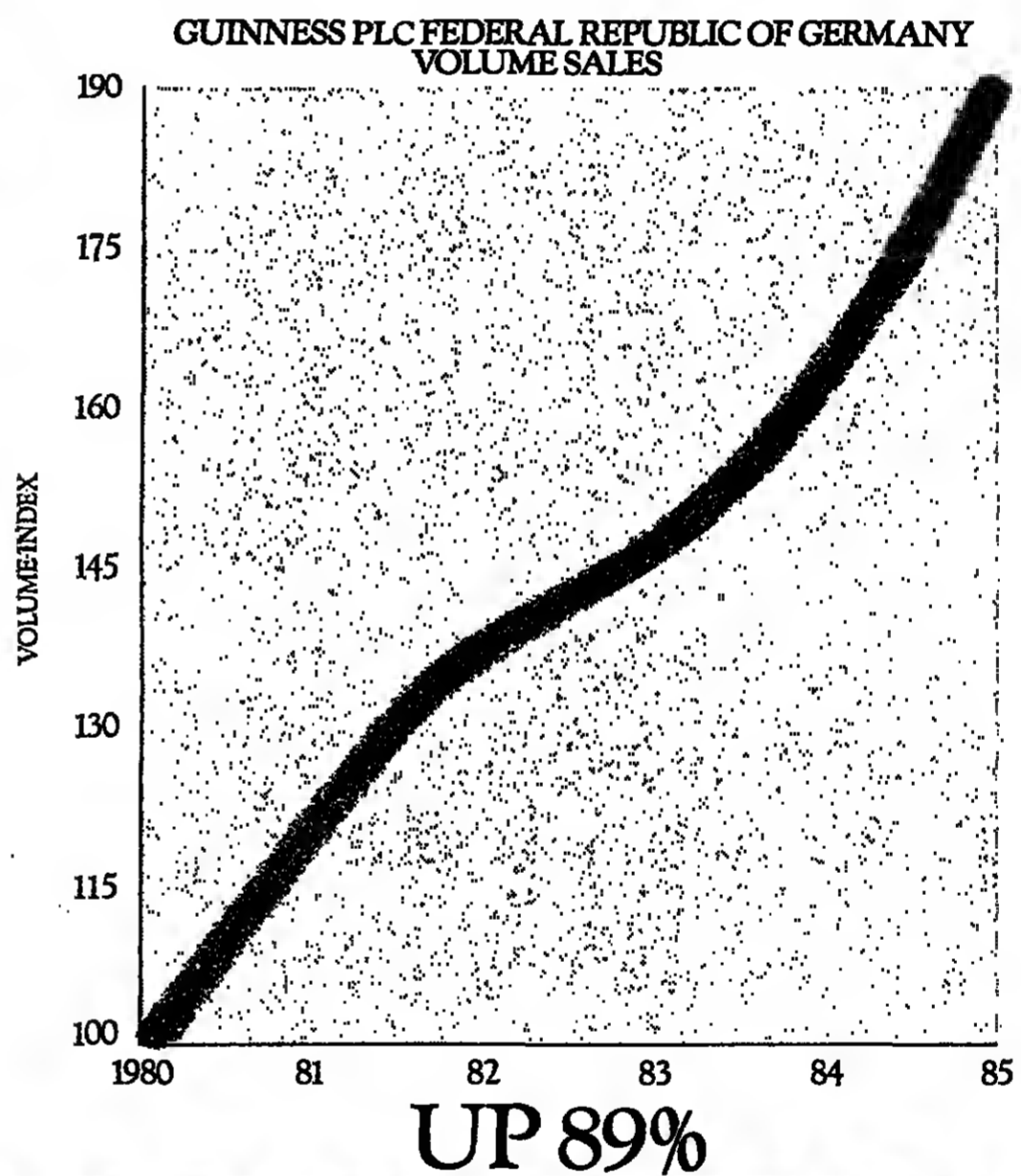
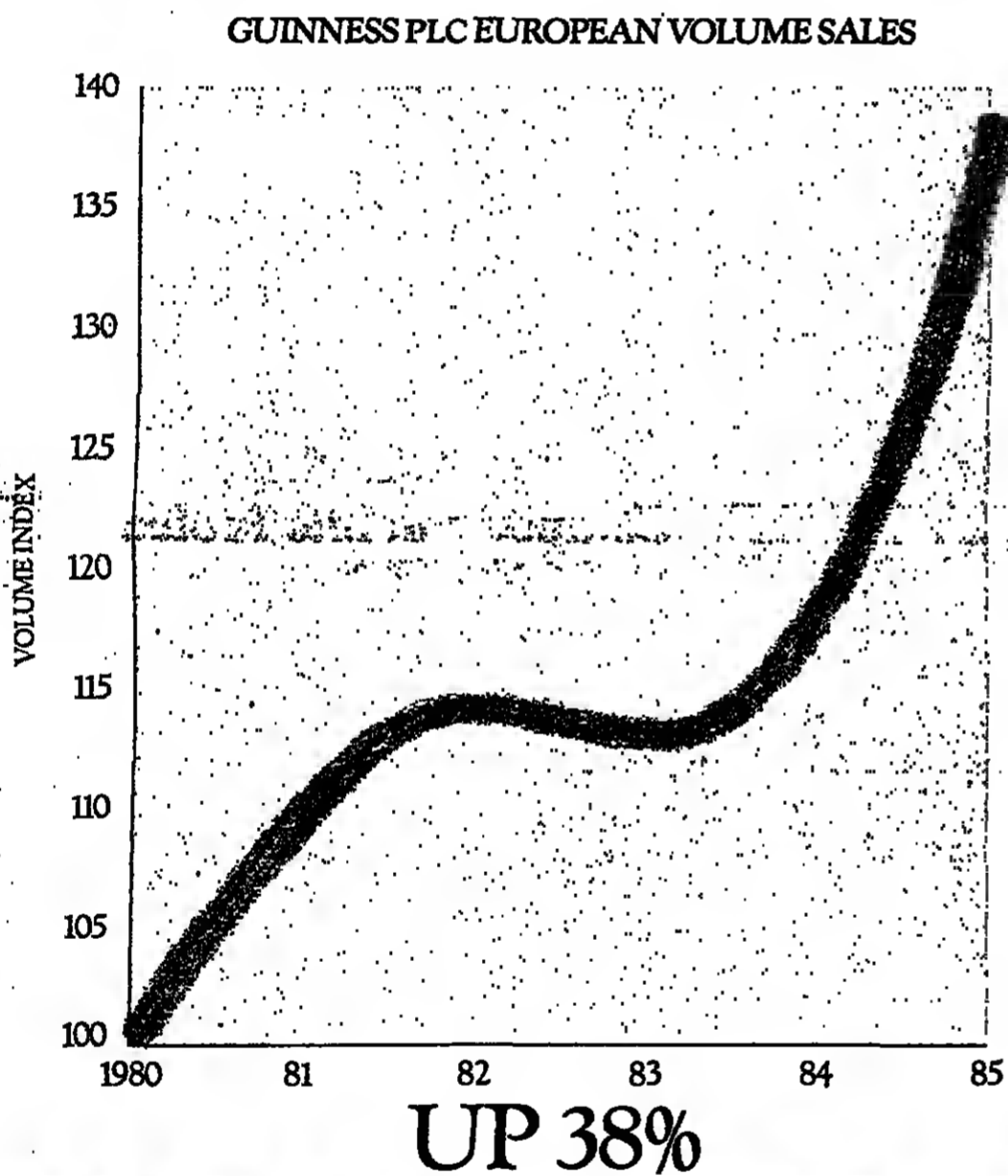
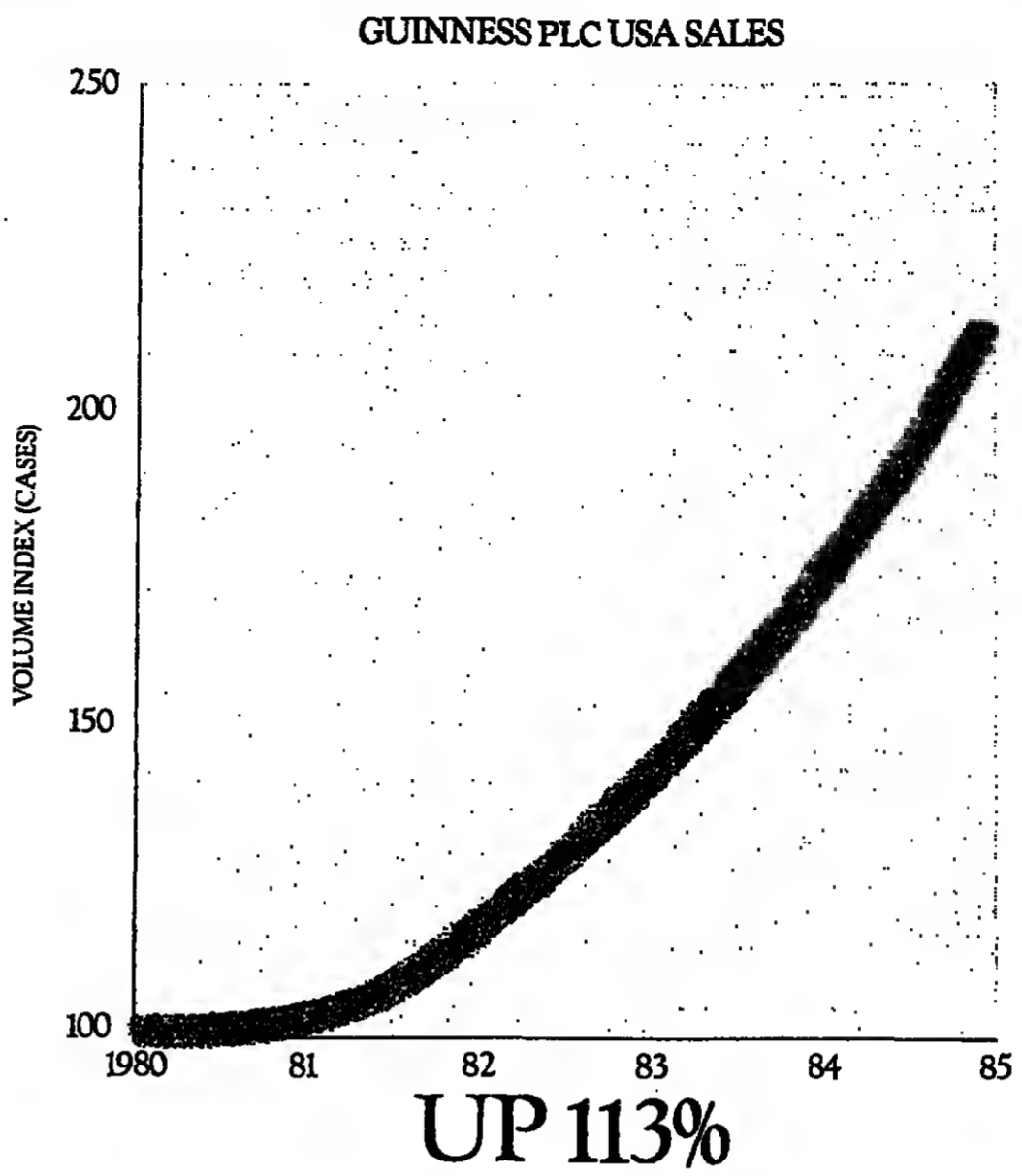
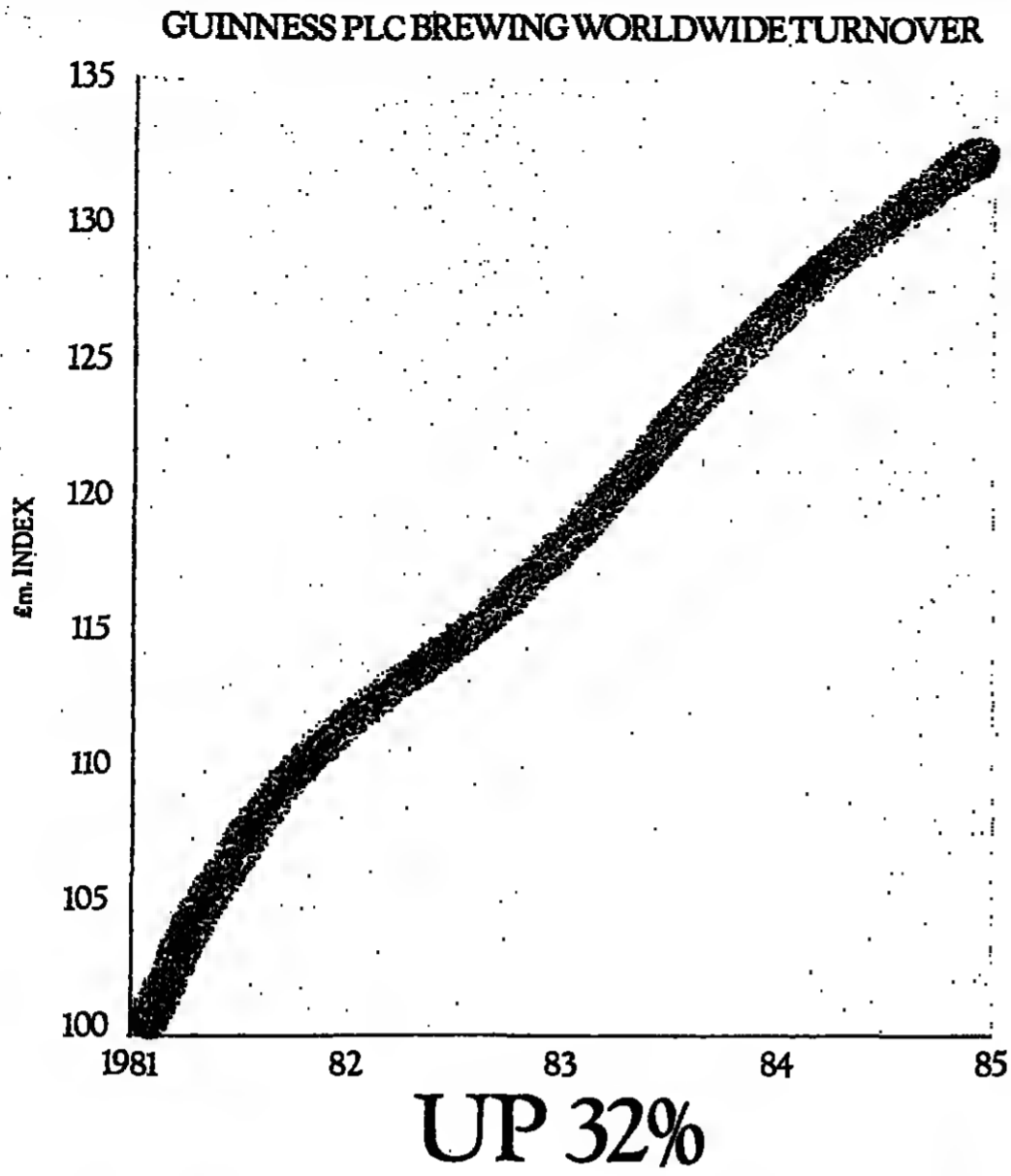
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UK COMPANY NEWS

BT at £1.3bn despite slowdown in call income

BY JASON CRISP

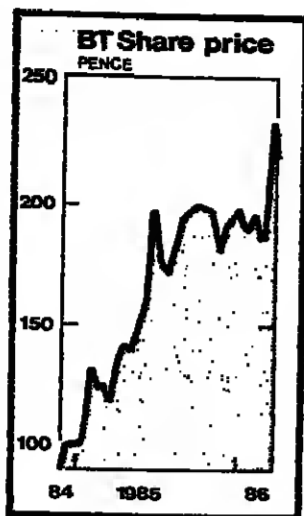
British Telecom's pre-tax profits rose 82m to £445m in the third quarter ending December 1985, bringing the total for the first nine months of its financial year to £1.33bn.

The main reason for the improvement in profits during the quarter was an 11 per cent increase in rental income which made up for a disappointing growth in telephone calls. Rental rose because of an increase in the number of telephones, together with a price rise.

There was a significant fall in the growth of both international and inland calls which has led BT to lower its expectations for turnover in the second half of the year. International calls grew by only 10 per cent in the third quarter compared with the 14 per cent rate achieved in the last financial year. The increase for the first nine months of this year was 12 per cent. BT said the main reason was fewer calls being made to Britain from oil producing states, particularly the Middle East.

In spite of a 3.7 per cent increase in telephone lines the volume of inland calls only grew about 6 per cent in the quarter. This compares with the 8 per cent growth achieved in the last full financial year and 7 per cent for the first nine months this year. BT believes the fall was because the third quarter ending December 1984 coincided with the flotation for which there was enormous publicity and advertising which boosted calling.

Margins were helped by a sharp increase in the number of job losses made during the



part of the group during the nine-month period profits would have been £23m lower. Capital expenditure during the quarter rose to £505m and the company predicted it would be close to the planned target of spending £2bn during the full year.

Interest charges were £119m lower in the nine-month period, of which £51m was a result of the change in capital structure.

comment

BT has lost some of its lustre - which yesterday's rather sombre presentation of the third quarter figures for analysts did little to restore. While it is hard to argue that the star of the privatisation drive may be going ex-growth, forecasts are being shaved, both for this year and next. In specific terms these figures indicate some slowing down in the number of telephone calls, only partially offset by an increase in rental receipts. But this is hardly the stuff of great dramas. The news that the requisite permissions for the Mitel takeover to proceed have been received will also not boost confidence in earnings potential for BT's diversification strategy - now taking it into Malaysia - does not seem aimed at immediate returns. On these results the shares lost 1p to close at 218p - so half of the gain made in the run up to the announcement has been pulled back. The final quarter could see BT struggling to break through £1,500 pre-tax which, on a 41 per cent tax charge, puts the shares on a prospective multiple of 12. The 1987 outlook suggests that the upside is limited.

quarter with the net loss of 2,000 employees. At the end of last year BT employed 232,000, about 3,000 less than in March. Total reduction in staff is expected to be 4,500 by the end of the financial year, slightly less than the annual reduction of just over 5,000 which had been made in the three previous years.

BT's pre-tax profits of £1.33bn for the nine months were £263m higher than the same period last year. But BT says the effect of the pre-flotation capital reconstruction in August 1984 means that profits for the nine months were £212m higher, an increase of 20 per cent.

BT noted that if Mitel - the troubled Canadian manufacturer of FAXES - had been

Final quarter boost takes Sedgwick profits to £124m

FINAL quarter pre-tax profits of Sedgwick Group, international insurance and reinsurance broker, almost tripled from £6.56m to £18.91m and lifted the full 1985 figure to £124.31m, compared with £96.28m for the previous year.

Revenue in the last three months expanded to £166.43m, against £104.43m taking the total of £581.53m (£456.03m).

Earnings per 10p share are shown as 21.7p, up from 19.1p, while the dividend is stepped up to 11p (10p) with a final payment of 7.75p.

Mr C. H. Mosselmaos, chairman, says that results are satisfactory in a year which has marked a major extension of the group's activities through the merger with the Fred S. James group of the US. He adds that a significant aspect of 1985's outcome was the "excellent performance from James, confirming the company's expectations at the time of the merger."

An analysis of taxable profits, by location, shows: UK £81.09m (£49.94m); Europe £4.52m (£3.51m); Africa £1.85m (£2.64m); North and South America £50.95m (£32.63m); Middle East £2.5m (£3.46m); Pacific £3.4m (£4.09m).

A divisional analysis of the same figures shows: insurance and reinsurance broking £118.65m (£88.56m); Lloyd's and company underwriting agencies £5.47m (£3.18m); insurance companies £202,000 (£2.52m).

Mr Mosselmaos says that as expected, although rates in many sectors have hardened, especially in the US, the effects of this have been uneven. Continental Europe has lagged behind the US, he states, with rates only slowly beginning to harden. This promises well for the future, the chairman points

out, but has meant that "there was little real advantage in 1985."

Mr Mosselmaos adds that in the US, however, James benefited directly from hardening rates and was able to put on substantial new business at the higher rates.

Another factor during the year was the continued contraction of merchant shipping.

Tax charge was up from £26.51m to £45.14m while minority interests took £215,000 (£674,000).

Sedgwick has now successfully completed the divestment of its remaining Lloyd's managing agency interests and the sales during the year gave rise to an extraordinary credit of £7.1m (£850,000) taking the profit to £86.07m (£69.74m).

comment

Having been too optimistic at the interim stage City analysts fell into the same trap for the full year with most forecasts about £5m too high, and anticipating more than the perfunctory increase in the dividend. Some of the shortfall was due to associates which were hit both by exchange rates and by the growth reversal in the Middle East. Working out exactly what happened to Sedgwick's operating profits during the fourth quarter is made more difficult than usual by change in accounting to using average exchange rates. However, it is clear that much of the overall advance came from Fred S. James proving wrong those who said that Sedgwick had paid too much for it. James should have another excellent year in 1986, although the rest of the broking businesses may suffer from capacity shortage, and revenues will have to work hard to keep ahead of costs. Profits of £150m would imply a generous p/e of 15 at 395p, down 17p.

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Williams sells McKechie stake

BY DAVID GOODHART

Williams Holdings, the fast-growing industrial holding company, announced yesterday that it has sold its 6 per cent holding in McKechie Brothers. The stake was placed by Barling Brothers, McKechie's merchant bank, with a number of institutional investors.

It had been built up since July last year and would have been a prelude to a full bid but for the fact that McKechie shareholders recently voted by a slender margin to support

McKechie's own bid for New-man Tonks. Williams had said that if the shareholders supported that bid, they would withdraw. The Williams stake was bought at an average price close to 140p and sold yesterday at about 195p per share, giving it a profit of about £2m.

Dr Jan Butler, chairman of McKechie, was delighted that the holding had been placed. There had been some speculation that it might be handed on to another predator.

THE FINANCIAL TIMES

is proposing to publish a Survey on

DIRECT MARKETING

Wednesday April 9 1986

For further information, please contact:

NINA JASINSKI on 01-263 3000 ext 4611. Details of Financial Times Surveys are subject to change at the discretion of the Editor

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The Ashdown Investment Trust PLC. The Annual General Meeting was held at 36 Old Jewry, London EC2 on Wednesday, 12th March, 1986. The following is a summary of the Report by the Directors for the year ended 30th November, 1985.

Schroders. Managed by Schroder Investment Management Limited. The Company aims primarily to achieve long-term capital growth while maintaining a progressive dividend policy. Copies of the Report and Accounts are available from the Secretaries, Schroder Investment Management Limited, 36 Old Jewry, London EC2R 8BS.

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# FINANCIAL TIMES SURVEY

Friday March 14 1986

Design services are in demand as never before but are still vastly underused. Ambitious companies, led by the high street retailers, are discovering the commercial power of this key strategic ingredient. But for the majority the message has yet to get through.

## Power beyond the images

By Christopher Lorenz  
Management Editor

FOUR YEARS after the London stock market first began to take design seriously, and Mrs Thatcher launched a long-running campaign to persuade British managers of design's commercial power, there is no longer any excuse for thinking of it as "mere styling."

As Britain's Japanese, German and Italian competitors have demonstrated for decades—and as the Burton Group and Habitat-Mothercare have shown more recently in Britain's high streets—the power of design extends far beyond facades and images. In services and manufacturing alike, it reaches deep into marketing and product strategy.

In the words of John Butcher, the minister championing the government's campaign, "Design influences nearly all aspects of manufacture." He goes as far as to claim that "for every pound spent on design, the businessman will get a better return than on anything else."

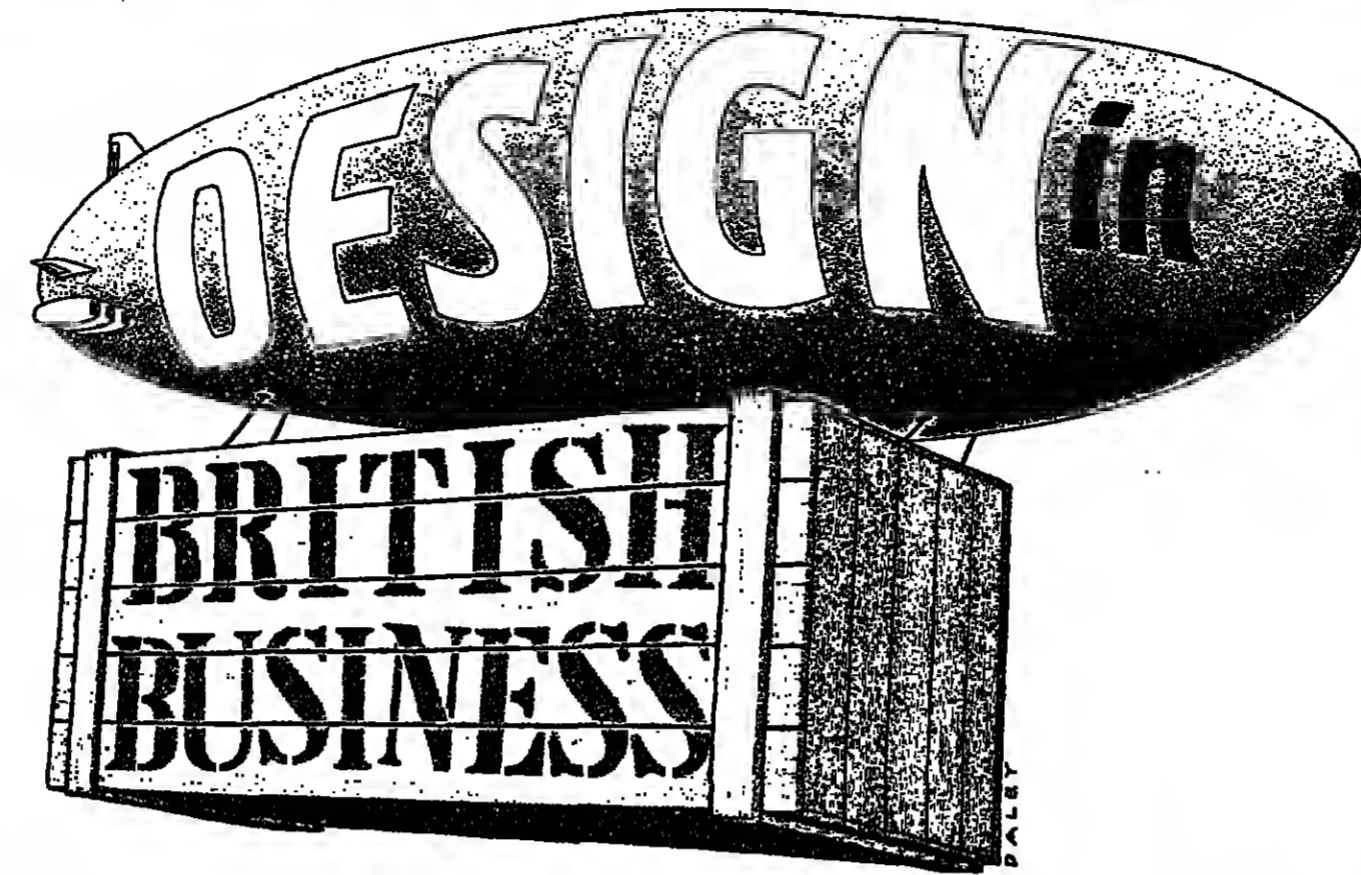
As Mr Butcher told a gathering of Britain's top industrialists at a "design commitment conference" in London a

month ago, design "is the most effective means of ensuring differences between products in the marketplace—for bankers as much as for engineers, for giant conglomerates as much as for rural craft companies, and for services as much as for products."

The explosive growth of almost every type of design consultancy over the past four years is an indication that British business is at last beginning to get the message. This year's Design Council Awards also show that there are much-improved product lines in a number of manufacturing industries.

A few managers may even be getting the message via the efforts that their children's schools are making to establish design as a socially valuable activity and an integral part of the curriculum; the number of schoolchildren taking O-level exams in craft design and technology (CDT) has tripled since 1979.

Yet all the evidence suggests—through market share statistics as much as opinion surveys—that many managements have still not been converted to what Mr Butcher calls "the design message." Which is why 1986 will probably see more official and semi-official promotion of



design than at any time since Prince Albert's Great Exhibition of 1851.

A stream of new initiatives is being prepared and launched. They include:

- **Design Commitment drive.** Sparked off by last month's London conference, organised by the Department of Trade and Industry, more than 20 of Britain's largest companies have agreed to start promoting the design message downwards and outwards by holding seminars for their principal suppliers. Another three dozen will shortly be discussing the idea with the Design Council.
- **Design Awareness Campaign.** Shortly after Easter more than 1.5m readers of The Sunday Times and the Economist, plus over 40,000 selected managers, will receive a Design Council booklet on the role designers can play in commercial success.
- **Support for Design.** When it was launched in 1983, this DTI-backed programme of subsidised consultancy for small and medium-sized companies, which is administered through the Design Council, had a £10m budget over three years. Such

has been the demand that it has been enlarged several times: the 1985-86 spend will be £6.3m, with £7.5m earmarked for 1986-87.

So far more than 3,500 projects have been undertaken, 60 per cent of them for first-time users of design consultants. Roughly the same proportion have continued using consultants after the end of the subsidy period. About a third of the projects have used engineering designers, and about 40 per cent industrial product designers, with the rest split between fashion, knitwear, packaging, literature graphics, and so on.

- **Design management training packs,** for managers and designers in large as well as small companies. Newly compiled by the Design Council and the Industrial Society with backing from the Manpower Services Commission, the packs are already in use within several companies, including British Aerospace.
- **Design management quality standard.** Similar to the BS 5750 Quality Systems standard,

this is intended to assist companies more broadly in establishing better design management procedures. A draft proposal should be ready within the next year.

- **NEDO working party on design.** Since last autumn a high-level NEDO working party has been mounting the most thorough effort yet made to learn how Britain's most successful foreign competitors manage design, and to apply the lessons.

A set of detailed "action packs" will be developed with the various industry Economic Development Councils after the working party's general recommendations have gone to the full NEDC in the summer.

With the British Institute of Management and several small business agencies also beginning to introduce design advice and support into their range of activities, the "design into business" bandwagon is well and truly rolling. Even the EEC Commission is becoming interested in the subject, and commissioning several research projects.

On the education front too, the picture is vastly more promising than four years ago. Then, London Business School was virtually the only institution teaching design to managers. Now Manchester Business School has joined it, along with a growing number of polytechnics and the Open University.

The other side of the coin—the teaching of business skills to trainee designers—is less bright. But a number of design colleges, including the Royal College of Art, are making rapid progress from a near-standing start.

Among various new initiatives to give young designers vital experience in industry are a placement programme run by the Royal Society of Arts, and Design into Business, a joint award scheme for the education profession and industry.

But very much more still needs to be done to attune design graduates to the attitudes and disciplines which are needed if they are to work effectively in business teams with hard-bitten marketers and engineers.

## Vertical growth of consultants

By Feona McEwan

TRYING TO gather up the threads of Britain's talented and idiosyncratic design industry is like trying to trap raindrops in a sieve. It is so fragmented in structure, and its disciplines so disparate, that it cannot be readily pigeonholed or contained.

But though even the most basic production and market share statistics are lacking—it is still a very young industry—there is no doubt that the market for commercial design services is both hungry and dynamic.

which is finding its feet after a period as a dozing giant. With 8,000 members it claims to be the largest body of its kind in the world. Under its president Michael Wolf, there is a plan to change its name (to the Chartered Society of Designers), restructure and broaden its horizons.

One initiative is a proposed Centre for Design Studies to document the industry. This could go some way towards filling the gaps in the industry's information flow, providing figures on such areas as the total number of practitioners, the amount of foreign revenue generated, and the industry's value as a part of the country's GNP.

The pioneer companies have enjoyed near vertical growth. Fitch and Co, for instance moved from £2.8m turnover in 1980 to £6.9m in 1984 and from a staff of 70 to 250 last year.

The Michael Peters Group has expanded even more rapidly, from £900,000 in 1981 to £2.2m last year, and from 15 staff to 180. In size, the leading UK companies now outstrip their Continental European counterparts, and demand from overseas clients makes them an influential international force.

The practices range right across the scale, from the traditional "cottage industry" two-person business to the multi-disciplinary top "institutional" group practices such as Fitch & Co, Aldcom, Pentagram, McCall, Conran Associates, and the Michael Peters Group.

Behind the drama of the past five years lies a combination of market forces, changing consumer needs and a sympathetic government. Together with the emergence of the designer as businessman, these have helped prise the nation's distinguished talent out of its previous bunker mentality and propel it headlong into the commercial ring—though that is not to deny the purists in the business who shun the new commercial climate.

One symptom of the shift is the industry's main representative body, the Society of Industrial Artists and Designers,

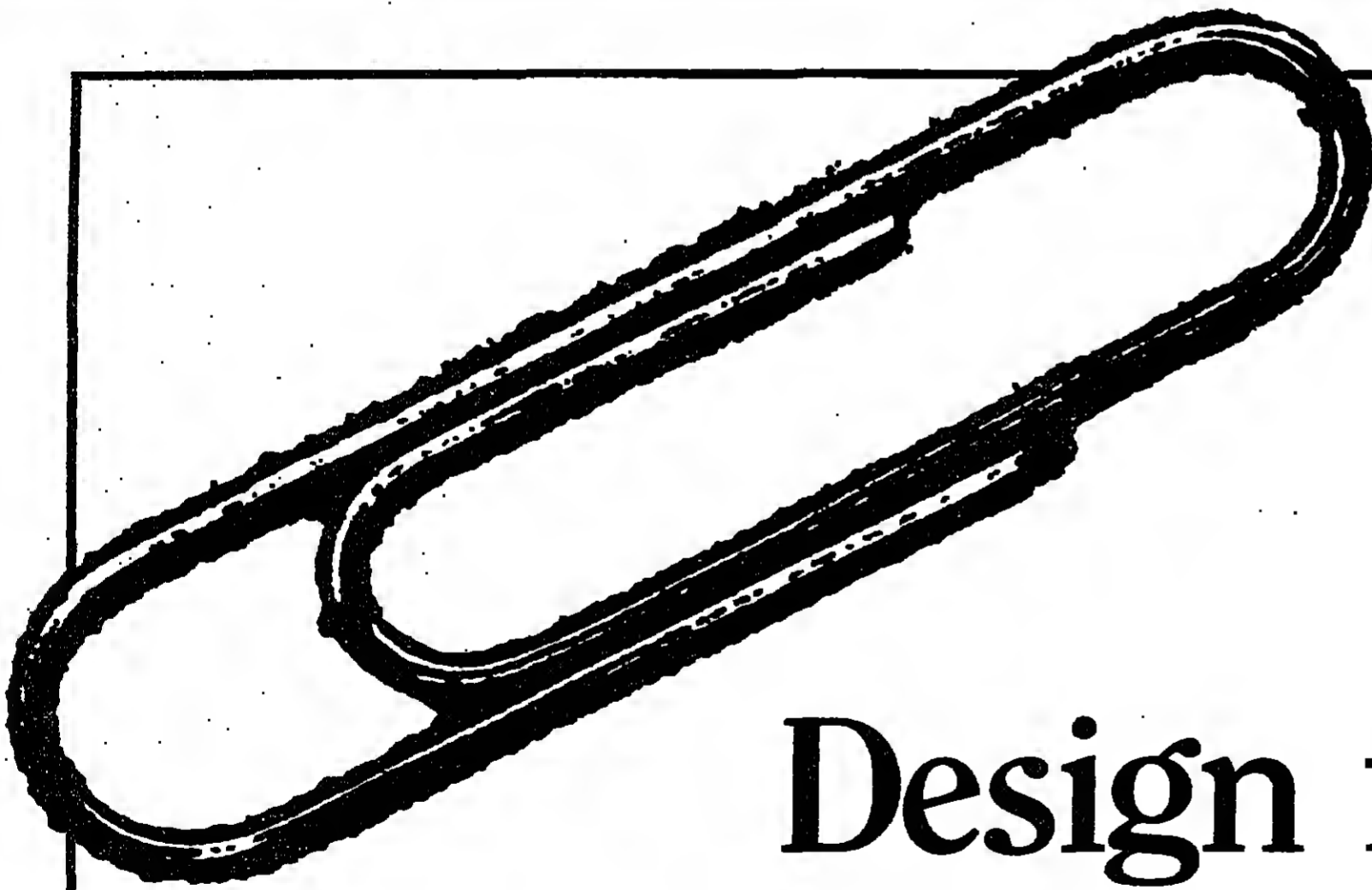
The emergence of the dissident Design Businesses Association at the end of last year, initiated by a group of graphic designers who felt the society represented individuals more than practices, was, Wolf admits, "mainly a symptom of our lack of speed in the market place." For the moment, the DBA has been drawn into the society in an attempt to pool energies and aims, and thus present a strength in force.

There are also signs of increased professionalism overall. In line with more mature communications industries, such as advertising and even public relations, the design world has discovered marketing. Internally the leading design companies now have public relations officers keeping their name in lights, aware that credibility can come with publicity, and sets of smaller designers are banding together in visible groups for promotion purposes.

The more ambitious have installed non-designer talent in key positions, such as marketing directors and research directors, to steer corporate growth and service the clients.

In step with the commercial world they service, design consultants competing for business are more likely to talk marketing-speak—market share, consumer needs, corporate positioning—rather than colour

CONTINUED ON PAGE 3



# Design for Growth

The paperclip is a classic example of practical design. Just the sort of innovation that makes small businesses grow large.

Mobil, through good design and technical ingenuity are leaders in the field of petroleum product technology. During Industry Year, together with the Design Council we have launched **Design for Growth '86**. It's a competition specifically for small businesses.

The aim is to help small companies which have innovative ideas or products—and bring them into the public eye. With a cash prize of £10,000 for the overall winner, advertising and a major exhibition of the top fifty entries, it will also encourage these small businesses to grow.

For more information on Design for Growth '86, and entry details, write to the Design Council, 28 Haymarket, London SW1Y 4SU.

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INDUSTRY YEAR 1986

# Design in British Business 2

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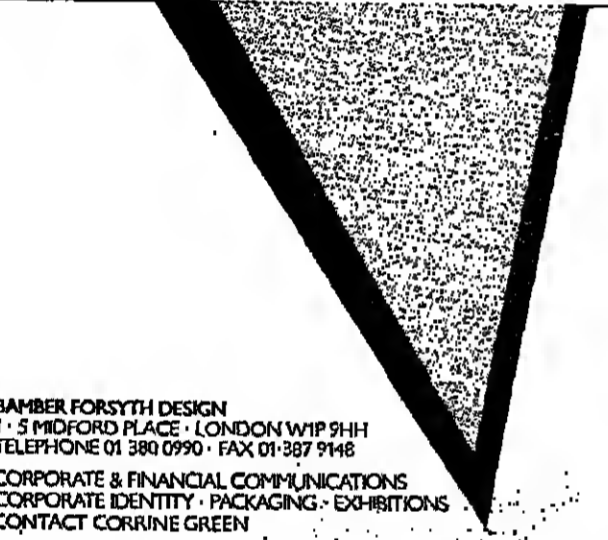
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## More than a High Street fad

**Retailing**  
RUFUS OLINS

**CAN THE retailing world's current enthusiasm for design last?** Investors can be forgiven for having asked the question several times over during the past few months.

First Ralph Halpern's Burton Group takes over Debenhams, the department store chain, and promises it revitalisation by design; then Sir Terence Conran's Habitat/Mothercare merges with British Home Stores and vows to intensify BHS's existing programme of store redesign. It has been the same with almost every move in UK retailing over the past few years.

To cautious investors, at least, all this may sound fine in theory but unconvincing in practice. For it is every High Street leviathan starts to try to out-design the other, does that not spell the end of the design fad?

The criticism is significant in that it takes as given the enormous recent growth in retailers' budgets for design. But the rise of design in retailing is a phenomenon which, far from being confined to fashion chains, extends to every sub-sector of the retail industry.

Stafford Cliff, Conran Design Group's graphics chief, helped re-launch Virgin Records' enormous Oxford Street emporium; at Fitch & Co, design director Michael Howard's staff have, at Southampton, helped the Automobile Association completely revamp its High Street image.

From shopping centres, edge-of-town developments and supermarkets through to the ubiquitous multiples, designers are being called in to re-fit shells and pull in more cash, credit cards and - coming soonish - electronic funds too.

To critics this just shows that the market for retail design has overheated. But, while the prodigious growth in retail design contracts of the past year cannot long be continued, the medium-term prospect for retail design seems excellent. For Britain still has a "great unwashed" of retailers who have yet to be introduced to what design can do for profitability.

That fact, coupled with

tougher competition for shabby consumer expenditure, ensures for retail design considerable prominence and longevity. For every Laura Ashley, Benetton or Bodyshop there are Kumbelows and more Rumbelows. The market for retail design is still wide open.

Yet it is only a further softening of competition that will compel the great majority of British retailers to adopt good design, not merely as a cosmetic move but as a central part of their corporate strategy. Plenty of signals exist to suggest that such competition will grow still more intense. Conventional retailing is coming under attack from booming mail order houses, and - in the longer term - from "teleshopping," or the purchase of goods via telecommunications networks linked to home televisions.

To survive, the retailer must identify his target markets and then design the shops, sales force and even merchandise around them; the growing sophistication of many retailers' ranges has not been matched by a more sophisticated staff, and sales have suffered accordingly.

Like Sir Terence Conran, who waxed lyrical about the sophistication of department stores in the US and Japan, Fitch's Michael Howard contends that the "seven-day society" of Japan shows what department stores could be like.

Japanese stores run to 20 storeys high and have their bargain basements on the top floor, but still work famously. In Tokyo department stores, Howard concludes, sales are buoyant because "the design excitement is high, the change of scenery continuous, and the service is superb. Giftwrapping is almost an art form."

Without good products on display in them, even the most carefully market-targeted shop designs will not succeed. In this sense, retail design can and should act as a stimulus for a wider improvement in British packaging and product design.

At the National Economic Development Office, a number of discussions are being held about how enlightened High Street concerns can pressure industry to make better products. They are in a good position to start doing so.

James Woudhuysen is Coordinator of Postgraduate Studies & Research at London's Central School of Art & Design.

## Retailers using their power

**Packaging**  
RUFUS OLINS

**PACKAGING, the most established and least respected of the design disciplines, is finally coming of age, thanks mainly to a shift in attitude among mass market retailers.**

Trading on the confidence that Marks & Spencer and Sainsbury have established for their own-label products, W. H. Smith, Boots and virtually all the multiple grocers are now making heavy use of packaging to strengthen their stranglehold on the manufacturers.

One of the most remarkable re-packaging programmes is being carried out by Tesco. More than 60 design consultants have worked on the project over the past three and a half years, with a total of nearly 1,500 new designs being vetted at weekly meetings with Tesco's chairman, Ian MacLaurin. This schedule is now accelerating.

Unlike Fine Fare, which launched a similar programme coinciding with a move up-market in 1982, the Tesco designs are not immediately identifiable. Own-label products are simply packaged to compete within their sector, whether it is meat, cereals or soap.

Smith and Milton know for its work on Robertson's jams, Bachelors' soups and Winalot

dog food, has developed a range of coffee, pasta sauces and chocolate brazi nuts for Tesco. The packages have little in common, except for the fact that they are all making contributions to Tesco's improved profits.

Tesco's chocolate brazils, launched as a Christmas line to compete with Payne's original product, proved so popular that they have been maintained as a permanent brand and Payne's, the market leader, has been delisted.

Fine Fare has followed a similar route and the first of Asda's own range of new-look wares is now reaching its stores. For manufacturers, the implications of all this are daunting. Retailers, whether or not they use a uniform style, are now using packaging to make individual statements about their own products and their confidence is growing.

W. H. Smith, for instance, is now taking on the likes of Parker and Sheaffer with the launch of a discreetly-branded range of up-market writing instruments, packaged by Newell and Sorrell.

David Laing, a manufacturing analyst at Mendenhall Crosswhite, believes that only a few very big brands and specialist products will survive what has become an unrelenting onslaught. "The middle ground is being annihilated and it is becoming increasingly

difficult for manufacturers to enter new areas because it is the retailers that are developing the markets."

In relatively secure specialist niche markets the power of packaging is demonstrable and can protect a brand's position. Penhalligon's, Crabtree and Evelyn and Eisenham Foods enjoyed increased success partly because their packaging admirably reflects the quality and nature of their products.

Howard Milton, one of the founding partners of Smith and Milton, is concerned at the conservative attitude of many manufacturers and says that packaging can work completely effectively only if it is viewed in context.

"Packaging, like corporate identity, is about finding the right tone of voice. It is not about slapping some fashionable graphics on a box. The business has certainly not peaked yet - there are still too many untapped areas. Household and commodity products are virtually untouched."

On big brands, however, many packaging specialists still complain that they are brought into projects too late to be really effective.

One of the more enlightened companies, International Distillers and Vinters, has found that packaging has made a clear and substantial contribution to the success of many of its products, including Bailey's Irish Cream, Mahibu and Plat

D'Or. Sedley Place Design worked for months on one of IDV's most recent launches, St Leger, a "cooler" made from white wine, orange juice and mineral water. IDV was clear that although St Leger looked like orange juice in the glass it had to carry the authority of a legitimate alcoholic drink when packaged. Furthermore it had to have the potential to become a major international product.

Mixtures of white wine, fruit juices and mineral water have carved out a £300m market in the US in just three years, a development which has prompted every major UK drinks manufacturer to push a product into the field.

St Leger, packaged in a distinctive black glass bottle has been on sale for only just over a year but already outstrips its half dozen rivals and is poised to enter a number of continental European markets.

Terence Griffin, a director at Sedley Place Design, argues that successful design of any kind requires a great deal of investigation and discussion if it is to fulfil its function successfully.

"Graphics, materials, shapes and colours are simply the means by which one communicates a product to its audience. Behind that lies costing, distribution and positioning. Unless you get the strategy right it is a complete waste of time."

## Seeking change behind the logo

**Corporate Identity**  
FEONA McEWAN

**SOME COMPANIES** still believe that corporate identity is a new suit of clothes: a new logo, a fresh lick of paint, a stylish letterhead, an arresting foyer. But cosmetic appeal is only half the story.

The emphasis these days is not only on how a company looks, but on how it behaves. "Corporate identity reflects the structure visually," says Jim Northover of Lloyd Northover, "but also the corporate culture beneath."

**Performance**

"A corporate image is influenced more by the way the phones are answered, the performance and reliability of product, speed of delivery, quality of after-sales service, attitude to the environment and personnel policy than it can be by the logo on the notepad or truck sides," Northover argues.

Gordon Watson of McColl caused a stir when he told a conference that in the retail food business the only person with whom the public has contact is a 17-year-old girl who chews gum, and yet she probably has more effect on the corporate identity of the company than the chairman.

Everyone knows the value of the badge, the sign, the typeface. But on its own it is impotent. If the product is not right the consumer will not be satisfied. British Roll and



British Airways are two obvious examples where the staff clothing was improved but the service has lagged behind - and consumers noticed - though things are now changing.

In product-led companies, corporate identity starts with the product, argues James Filditch, founder of Aldcom and chairman of NEDO's design working party. "It's the part of the company the consumer touches."

Design of the product tells you about the company. When you buy a Sony, a Braun, a BMW or a Volvo you are not simply buying the product, you are buying the reliability, service and quality the company stands for.

The argument holds as strongly for the services sector. In the light of City deregulation, financial companies will be forced by the chill wind of competition to consider their corporate image as a matter of survival.

"The public space in banks, for instance, or the reception or waiting room, showroom or office environment, all project a company image whether they like it or not," Michael Wolf, president of the Society of Industrial Artists and Designers, suggests that a government that pushes the design-for-business message should look to its own buildings - many of which are rundown and shabby - and practise some of what it preaches.

Sainsbury, for instance, would not keep its customers queuing in the cold for hours as does the Department of Health and

their corporate identity and update their image.

Within the corporate communications sector of the design industry, internal communications are an area of increasing focus. Staff who are informed and involved are motivated. And internal communications, as Northover points out, soon becomes external communications as people talk about their work and their company. "The best ambassadors for a company are inside it," says James Filditch. "Consultancies report on increasing involvement of top management in decisions about companies' identity which shows a growing understanding of its strategic relevance and how it can affect motivation, performance and ultimately share price." Though the UK has a long way to go to match the American mentality, "They tend to be more status-conscious and aware of the corporate being," suggests Jan Hall of Coley Porter Bell.

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## Design in British Business 3

# Vertical growth of consultants

CONTINUED FROM PAGE 1

to ignore this central marketing to schemes, logos and esoterica. "This still comes as a shock to many client companies," says Gordon Watson, a director of McColl. The intuition about the marketplace and its needs that drove the design business in the 1960s has been replaced by the "scientific database" approach of the 1980s.

Times have changed since a client's print buyer would ring up and order a brochure by one who reaches for a design consultant nowadays is more likely to be met with a complex analysis of the problem, customer needs, corporate strategy and so on. "The look of the thing is treated later.

"We find clients are using us increasingly as strategic planners of their businesses in the ground level," Michael Peters claims. Companies are waking up to the fact that the design process is not a bolt-on accessory, but an integral and permanent cog in the company wheel.

It affects the core of the company business, how it presents itself—not only in annual reports or product packaging—but in staff behaviour and consumer environment.

"We've been slower to grasp the marketing process," says Wolf. "Then, say, advertising, but we are grasping it now. In a way our job can be more fundamental to the success of a company.

"More sensitive criteria are at play now—where before clients might have chosen a new building say, for its imposing stature, now questions are asked such as will it enable people to work to their best, will it reflect the sort of company we are and so on."

The fault has lain partly within the industry itself, its lack of cohesive spirit concentrating on inverted niggling instead of pushing the common cause. Rodney Fitch for one is concerned about what he sees as lack of maturity in the business.

"Advertising by comparison believes in the wholeness of the industry, the mission to grow good advertising," he says. "I don't think that permeates design. We are still full of people-designers, investors, commentators—who see us in tiny lots numbers. This only fractures the industry instead of closing ranks. I wish there was more togetherness than fractured fiefdoms.

"Having said that, we've made enormous strides. Growth until two years ago was self-generated, now we're genuinely heard in the corridors of power."

"If you strip away the magic," says Fitch grudgingly, "design can be regarded as simply another business resource." But this implies that design should have a platform at the highest level of management.

As areas such as corporate identity and packaging escalate with importance in the wake of City deregulation, merger mania and cut-throat competition, only the losers can afford

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| Quoted commercial design consultancies† |       |           |                           | Market            | Historic            | Relative performance |           |       |        |         |
|---|-------|-----------|---------------------------|-------------------|---------------------|----------------------|-----------|-------|--------|---------|
| Address                                 | Page* | Price (£) | Year end                  | Design activities | capitalisation (£m) | Yield P/E            | Yield (%) | 1 mth | 3 mths | 12 mths |
| Addison Page*                           | 250   | Dec 1984  | Graphics + Annual reports | 40.6              | 338.5               | 1.1                  | +12       | +9    | n.a.   |         |
| Aldcom International                    | 37    | Dec 1984  | Multi-discipline          | 13.6              | 119.0               | 2.5                  | +6        | -7    | -50    |         |
| Craton Lodge and Knight*                | 115   | Sept 1985 | New product development   | 6.5               | 24.0                | 2.3                  | -15       | +18   | -45    |         |
| Fitch and Co. Design Consultants        | 425   | Dec 1984  | Retail and design         | 21.7              | 335.7               | 1.8                  | -5        | -8    | -15    |         |
| Holmes and Marchant*                    | 470   | Sept 1985 | Graphics and packaging    | 20.4              | 25.0                | 1.1                  | +1        | +22   | n.a.   |         |
| John Michael Design*                    | 61    | Mar 1985  | Retail and graphics       | 5.0               | 14.9                | 2.3                  | -8        | -13   | n.a.   |         |
| Michael Peters*                         | 193   | June 1985 | Multi-discipline          | 11.9              | 22.2                | 1.9                  | -5        | -11   | -39    |         |

\* Quoted on the Unlisted Securities Market.

† Excludes engineering and textile design consultancies.

‡ Price-earnings ratios (P/E) are artificially high for the three companies whose 1985 results are still awaited.

the last detail of the company logo.

"Clients," says Esmond Wyatt, marketing director of Saunders Design, are now more confident with the creative input but want reassurance of a highly sophisticated design management capability.

"The ability to offer clients a cohesive totality of economy of effort, hence more efficiency," is claimed by Fiona Gilmore, marketing director of Michael Peters. "Some clients need a specialist service," says Rodney Fitch. "Others a much broader one, but they all need a bloody good one."

As consultancies move to-

wards becoming general communications businesses, traditional labels are blurring. Bastable, Brewer and Andrews, for instance, backs itself with projects that could be termed sales promotion, direct marketing, staff incentives and advertising, all soundly marketed based and yet exercised with a visual flair that could only come from a design-led outfit.

As the industry grows increasingly sophisticated, future barriers to entry for startup design practices are likely to be computer-aided design technology, the need for costly databases as well as the demand for in-depth expertise that

# Mixed market reaction to buoyant sector

## The City's view

NEL BLACKLEY

DESPIKE a firm market for their services, design consultancies paradoxically have been poor performers in the stock market over the last year. There have been two reasons for this underperformance:

• Specific disappointments in the results of two of the companies, Aldcom International and Craton Lodge and Knight;

• A proliferation of investment opportunities in the marketing services sector. The number of design companies increased from five to seven during 1985 (see table) and market-liquidity services companies increased from 17 to 30. This marked increase in number has removed the unique selling proposition of the sector for its investment purposes, and consequently average ratings have declined.

Within the overall market, retail design has been firm, thanks to the continued buoyancy of retail spending and the revolution taking place in the High Street, augmented by the fast development of new, and refurbishment of old, shopping centres, and allied travel and leisure complexes.

A greater realisation of the low cost benefits of packaging

sales promotion companies have been leading this diversification drive. Some design houses, however, such as Michael Peters and Aldcom, have moved towards an integrated design approach.

The prospects for the design sector in 1986 are bright, and the stock market participants should perform well off a reduced rating base. It is already known that the retail design company McColl will be joining the clan in 1986, and other possibilities for 1986-87 include Wolf Ollins and Saunders Design. Pentagram meanwhile, remains unconvinced of the merits of a public flotation.

The discovery by many consultancies of the value of having a marketing director has brought them immense commercial benefits. It is to be hoped that design consultancies will soon discover the benefits of managing their own strategic development. The discipline imposed upon public companies can often quicken this process, and create a greater respect for the merit of design and design consultancies on behalf of the client.

Nel Blackley is marketing services analyst at James Capel and Co.

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## Design in British Business 4

Manufacturers have won 25 Design Council Awards this year, for a wide variety of products. A number of them are discussed in detail here

### Skeleton on a budget

A LONG wait to borrow a skeleton for lessons in the London primary school where Mr Richard Miller taught led him to design his own, using skills in mathematics and origami (Japanese paper folding). The full-size, articulated male skeleton which is the result, is made in two weights of printed card and takes 10 to 14 hours to assemble from 10 flat sheets. It is in demand as a teaching aid in schools, and among students up to university level. More than 7,000 have been sold since it was launched at an international fair in March 1984.

The judging panel was impressed that such an accurate representation of the human skeleton could be achieved at a relatively low cost—it sells for £25 against about £250 for plastic models, while the real thing is now virtually unobtainable. Mr Miller, aged 39, conceived the idea seven years ago. He made detailed anatomical drawings, studied real bones and developed techniques of converting the three-dimensional bones into two-dimen-

sional drawings on card which could be pressed out and folded into shape. Inspiration for the skull came from the convex and concave form of a MacDonald's apple pie carton.

The kit slots and clips together, and no glue or scissors are necessary. Each piece is marked with the anatomical name so that, in putting the figure together—following

#### DECORATIVE CONSUMER AND CONTRACT GOODS

graphic instructions—students learn the position and function of every bone in the body.

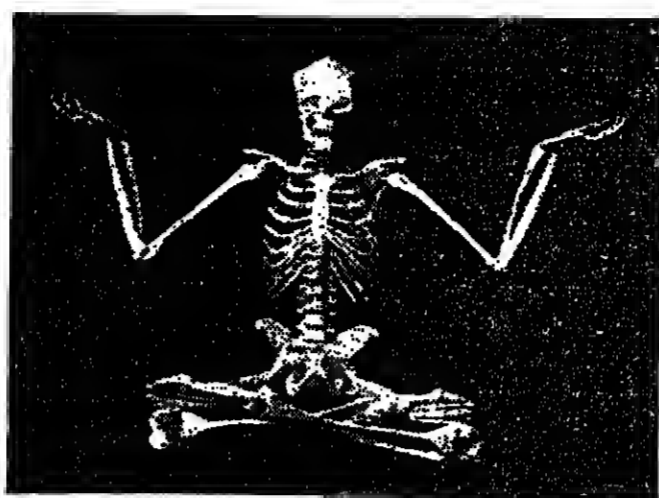
Movement of joints is close to the real thing, with the correct hinge and ball socket joints and turning range of the head, for example. Even the rib cage can be expanded and contracted to approximate the movement of respiration. Plastic and real bone skeletons have their ribs wired together. "The skeleton is unique in the degree of realistic articulation which can be achieved," Mr Miller says. "Knees bend, shoulders shrug, the head nods

and turns. It is so true to life that we had to reinforce the base of the spine to prevent wear occurring as it does in the human back."

To manufacture and market the product, Mr Miller went into partnership with Bryan Fisher, a former toy manufacturer, to form Fisher-Miller. They enlisted a top graphic designer, Mr Fredun Skapur, and found a company which could supply the right quality and width of card, Tullis-Russell of Fife.

Special cutter-creaser dies had to be designed to form the 10 sheets. Printing is done by Grillford of Milton Keynes. Collation, packing and shrink wrapping is carried out at Fisher-Miller's new factory at Malton, Yorkshire. The kit sells in Britain through museums, anatomical model suppliers, craft and hobby shops and medical bookshops. It is also selling in the US and Canada, Switzerland, West Germany and Iceland. Agreements have been reached to distribute in the Far East, including Japan.

Michael Strutt



### Keyboard aid for theatres

FEW THEATREGOERS are likely to give much thought to what happens when they book a seat. They simply want to be told which seats are available, their price and their position.

But these days the box office paper plans covered with hieroglyphics are rapidly being replaced by graphics-based computer systems of the kind which have just won the Space-Time Systems of London their Design Council Award.

Instead of marking the plan and using other paper and pencil aids, the box-office staff use a screen and keyboard terminal. Since its launch three years ago, BOCS (box office computer system), has been surprisingly successful in the rather tradition-bound theatre world. The market in general has been activated, so that the number of computerised box offices in the UK has risen from 10 in 1981 to over 80 today.

#### COMPUTER SOFTWARE

Space Time Systems claims it has supplied 70 per cent of them and since last autumn the company has tripled its workforce to 75 people. Since start-up in March 1981, it has won business worth over £2m.

BOCS is a good example of computer software engineering applied to a specific market niche. Instead of plunging headlong into software writing, however, the STS team used consultants from theatre management to make sure that the system would be acceptable to the box-office staff who would have to use it.

The system produces on the screen a seating plan identical to the traditional paper plan. This, with the use of day-to-day jargon when communicating with the computer, makes BOCS easy for staff to use straight away.

First, the user keys in the date and the performance in which the customer is sitting. And after the 100,000 spectators at a Wembley football match have drifted away, 5 tonnes of litter are left behind.

### Litter bin that saves work

#### DURABLE CONSUMER AND CONTRACT GOODS

A TYPICAL litter bin can hold a quarter to half a hundredweight of rubbish, so with, say, 10 full bins in a retail store it is possible that at the end of each day someone could have up to 5cwt of material to shift. And after the 100,000 spectators at a Wembley football match have drifted away, 5 tonnes of litter are left behind.

To empty standard bins operators have to lift the rubbish up to the top of the container, on average 30 inches vertically, increasing the risk of back injury. A further problem with standard bins is that they can be set on fire by discarded cigarettes, or deliberately by vandals.

Now a Blackpool-based company, Glasdon has come up with an answer. The Topsy bin has been designed so that only 7in lift, out of a lockable plinth, is necessary, reducing physical effort by 40 per cent.

An optional fire-extinguishing device, fitted inside the cover, consists of a metal plate which is released by a renewable plastic washer that softens rapidly when a fire starts. The plate drops and seals the inner liner, starving the fire of oxygen.

The bin is also an attractive piece of environmental furniture. The basic Topsy bin costs £70 and the Fireproof version £8 extra.

The designer, Eric Palmer at Glasdon, was briefed to design a litter bin to be the company's primary product for the next five years. To find what was needed he talked to customers, the people who buy and use bins.

Any lock incorporated had to be vandal-resistant, easily operated and tamper-proof. With conventional bins, bubble gum and matchsticks for example, can be used to interfere with locks. The Topsy lock is designed so that anything which is inserted into it falls through.

screen showing the current status of all the seats. The plans can be amended as necessary. If, for example, some seats have to be removed to accommodate a larger stage.

The user keys in the desired price band, presses the "offer" key and the plan will then show the best seats available at that price. If the customer dislikes the choice, the preferred seat can be moved about to another position until he agrees.

A choice of payment method is then made by depressing "cash," "cheque" or "credit card" keys and the ticket is printed.

Another valuable feature of BOCS is that several people can sell tickets on a number of terminals with complete assurance that the same seat cannot be sold twice. All the terminals use the same computer memory and a sale on one screen immediately shows up on all the others.

Previously, only the person in possession of the paper master plan could sell. Integrity has to be paramount in the design of BOCS. It uses two Digital Equipment Company machines, usually in the PDP 11 minicomputer series.

Flexibility is also an important requirement. For example, the system can deal with a number of theatres and their performances.

Most of STS's market is in the US, where 12 sites covering 30 theatres, have been equipped. The system is now installed on or order at 39 sites covering 120 theatres in Hong Kong, Malaysia, Australia, the Netherlands, the US and the UK.

Last autumn STS set up a bureau system for small theatres unable to afford the £20,000 minimum price of BOCS. Theatregoers simply telephone a number, the theatre has previously advertised and are connected to a BOCS operator who offers seats. The caller pays by giving his credit card number. So far 22 theatres are using the service.

Geoffrey Charlsh

### Seating for the disabled

THE MATRIX seating and body support system is a formable, jointed plastic sheet which can be made into custom-fitted chairs for people with serious deformities or disabilities, such as paraplegia and tetraplegia.

The sheet consists of a series of star-shaped ball and socket joints which allow movement while a specialist fitter forms it round the patient. The joints are then clamped with a screw driver, and the chair mounted in a frame or approved wheelchair.

The idea was originated by Mr Steven Cousins, aged 35, a research associate at the department of mechanical engineering, University College London. It was developed with funding from Action Research for the Crippled Child and research assistance from University College's bioengineering centre.

Matrix overcomes a number of limitations in the normal

method of making special chairs, which require vacuum-formed plastics. The plastics method is time consuming; children rapidly grow out of the fixed shape; and some severely handicapped adults cannot be subjected to the shaping needed to make the mould.

The Matrix fitter can see and touch the patient through the plastic joints, which makes the

#### MEDICAL EQUIPMENT

work easier and more accurate. Finished chairs can be adjusted to take account of growth.

The award judges commented: "This is an exceptional example of a design from an academic research environment which has been translated successfully into a commercial product. The system has outstanding merit."

The manufacturer is Clinical

Engineering Designs, of Kingston-upon-Thames, Surrey, which was founded in 1982 to make and market the system under licence from University College, London.

The company, with a staff of three, distributes the kits after they have been made in a workshop for the disabled. It also provides training for the fitters, who are attached to hospitals and insurance schemes.

Mr Phil King 38, the managing director, says more than 3,000 chairs have been sold in European and Scandinavian countries, the US, Canada, Australia and Japan.

"The system is fully adjustable and can be used, for example, to put some patients in a more upright position so that they can gain more bodily control, or to help improve a patient's posture."

Michael Strutt

# BIG BANG

Are you ready for it? As from October 27th, competition in the financial markets will be even more intense. Look around. Are your offices well designed for maximum productivity—or do you see an expensive waste of space? Do they promote an efficient and harmonious working environment—or does chaos reign supreme? With predicted rents in the City reaching \$40 per sq. ft., it's vital your offices are designed to be 100% cost effective—whilst also reflecting the image you wish to project to your customers and staff alike. At McColl, we've already taken stock of your needs by integrating our own proven design and space planning expertise with the latest in Computer Aided Design & Drafting technology—CADD. Major American banks and leading manufacturing corporations have already used McColl to design and plan their new European headquarters. If you'd like to know what we can do for your company, simply call Gordon Watson or Stewart McColl at McColl for more information.

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THORN EMI Computer Software congratulates its award winning system design team on receiving one of the first Design Council Awards for an outstanding British computer software product, the Shadow II Teleprocessing Monitor. The initial design and continued product enhancement, in response to rapid technological change over eleven years, reflects our high standards of product innovation and reliability. This commitment to product quality, together with our long term customer support (over 1,000 installations worldwide for Shadow II alone) are the hallmarks of our gilt edged products. Whether you have mainframe, mini or micro computers you can share in our success by benefiting from our system, information management, decision support and business software products.

**THORN EMI Computer Software**  
International teamwork in action

For further information about the Group and its many products contact The Corporate Marketing Manager, THORN EMI Computer Software, Thomson House, 296 Farnborough Road, Farnborough, Hants. GU14 7NF Telephone: Farnborough (0252) 543333

Some companies have used litter bins on high streets to promote a product or their name. This form of sponsorship has increased by 600 per cent since 1980. Others use bins to create an upmarket, "tidy" image on their own premises. That market has grown by over 1,500 per cent in the same period.

Large stores, such as Sainsbury's, B & Q, and W. H. Smith, now site bins with the company logo in car parks and at the back of checkout areas where customers would otherwise drop unwanted receipts.

Glasdon is currently negotiating with British Rail and local authorities to install the Topsy containers, in both BR and Commonwealth Games colours, in Edinburgh's Waverley Station and throughout the city, ready for the games this summer.

The company already has connections with BR, having supplied it with bins for its national campaign to improve public litter awareness, a campaign which, last September, won BR the National Keep Britain Tidy Award. Glasdon estimates that the Commonwealth Games contract is worth £30,000.

Alastair Guild

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**CRISP AND WILSON**

ROLLS-ROYCE has won an award for its skill in developing an aircraft engine component which is 100 times more reliable than the part it replaces. This year's award, the company's third in two years, is for the design and production of directionally-solidified high pressure turbine blades for use in Rolls-Royce RB211 engines.

The judging panel thought that again Rolls-Royce had successfully designed and developed a product with a "remarkable reliability record, applying technology with great skill".

First stage, high-pressure turbine blades operating at 1,225 deg C have some of the shortest working lives of any jet engine components. The original forged blades used in earlier versions of the RB211-22B large bypass fan engine—made of high-strength nickel-based alloy—had a 2,000-hour life, one-fifth of that required by airlines.

The award-winning new blades are made of the same metal but have a life of 10,000 hours and a possible life of 18,000 hours.

Mr Simon Byworth head of engineering at the industrial and marine division of Rolls-Royce and former chief designer for combustors and turbines, says: "The life of the whole engine was limited by the life of the forged blades. There was higher maintenance, higher cost and more spare engines required as well as disruption to airline operations."

"We were looking to improve the service life of the engine and knew that the performance of these blades was of paramount importance."

Directional solidification is a technique for casting metal into components. Conventional casting leaves a "grainy" structure, with a multitude of metallic grains. This structure leaves components relatively weak, especially when operating at high temperatures, as in an engine.

The cooling of the cast metal in directional solidification is controlled accurately. The molten metal solidifies progressively along its length, creating single grains from top to bottom. The final structure has no weak grain boundaries.

Rolls-Royce had an unscheduled engine flying rate of 0.13 per 1,000 flying hours. The directionally-solidified ones have all but eliminated unscheduled engine removals by achieving a rate of 0.0013 per 1,000 flying hours, 100 times less.

Mr Alan Tudor, head of turbine design at Rolls-Royce, Derby, says: "This blade is an excellent example of the teamwork between designers, cooling experts, aerodynamicists and production engineers."

Lynton McLain

LITERATURE, PACKAGING, CORPORATE, PROMOTIONAL OR BRAND IDENTITIES FOR AGI, ASSOCIATED OCELT, BRITISH TELECOM, BLUE CIRCLE, CROWN HOUSE, POWELL, DUFFRYN, ICI, NATIONAL MUTUAL LIFE, THOMAS COOK, WIGGINS TEAPE DISPLAY AND OTHERS. PLEASE CONTACT MICHAEL DENNY OR JOHN BATESON.

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FT COMMERCIAL LAW REPORTS
Chartered Surveyors' code of conduct is restrictive agreement

ROYAL INSTITUTION OF CHARTERED SURVEYORS v DIRECTOR-GENERAL OF FAIR TRADING

The charter under which chartered surveyors operate constitute a restrictive agreement... The court of appeal held that the charter was a restrictive agreement...

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The court of appeal held that the charter was a restrictive agreement... The court of appeal held that the charter was a restrictive agreement...

Nevertheless in a number of instances they also governed his relations with other members... Mr Justice Cross refused to declare that the agreements were not within the Restrictive Trade Practices Act 1956...

Such provisions were entirely analogous to the rules under which each new member on joining knew he would be bound by arrangements which are not enforceable by legal proceedings...

Mr Justice Cross was upheld on the first point... Mr Justice Cross was upheld on the first point...

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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst, Allport Unit Trst, and others, including their managers and performance data.

F.T. CROSSWORD PUZZLE No. 5,972

Crossword puzzle grid with numbers 1 through 29 indicating starting positions for clues.

ACROSS: 1 Benevolent shaft-sinker? (4-4), 7 A French international to take the lid off (5), 13 Using this technique, a cigar punt out creates fungus (6), etc.

APPOINTMENTS

Devitt Group changes

Mr P. R. Lawrence has retired as chairman and director of the group of Howson F. Devitt and Sons and is succeeded by Mr J. M. Horwell, who will continue as managing director... Mr John Thomson has been appointed non-executive director of TIGMA BORTWICK.

AGB RESEARCH has appointed

Mr John Thomson has been appointed non-executive director of TIGMA BORTWICK... Mr John Thomson has been appointed non-executive director of TIGMA BORTWICK.

HEATRAC SADIA has appointed

Mr Arthur Kennedy has been appointed vice-president of European operations by MOLECULAR COMPUTER... Mr Arthur Kennedy has been appointed vice-president of European operations by MOLECULAR COMPUTER.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, including unit trusts and insurance policies, with columns for company names, product names, and numerical values.

INSURANCES

Handwritten signature or mark at the bottom right of the page.



INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds, including Scottish Mutual Assurance Society, Sun Life Unit Assurance, and various international investment funds.

Table of insurance and overseas funds, including BNP Paribas (Germany) Ltd, The Anglo-French Group, and various international investment funds.

Table of insurance and overseas funds, including Homburg Bank Ltd, Homburg Pacific Fund, and various international investment funds.

Table of money funds and bank accounts, including Sava & Prosper International, Warburg Investment Management, and various bank account offers.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds, including Sun Life Unit Assurance, Acetone Investment Fund, and various international investment funds.

Table of offshore and overseas funds, including BNP Paribas (Germany) Ltd, The Anglo-French Group, and various international investment funds.

Table of offshore and overseas funds, including Homburg Bank Ltd, Homburg Pacific Fund, and various international investment funds.

Table of offshore and overseas funds, including Sava & Prosper International, Warburg Investment Management, and various bank account offers.

TRADITIONAL OPTIONS

Table of traditional options, including 3-month call rates and various option contracts.

NOTES: This section contains important notes regarding the data presented in the tables, including currency conversions and data sources.

# COMMODITIES AND AGRICULTURE

## Reagan due to sign Farm Act changes

By Andrew Gowers

PRESIDENT Ronald Reagan was due yesterday to sign into law a package of small but significant changes in the US 1985 Farm Act, designed to soften the impact of budget cuts on farmers and to reduce by half the amount to be spent on the administration's export enhancement programme.

The new legislation, produced just over two months after the President signed the original Bill, adjusts the yield formula by which payments to farmers are calculated and could provide the industry with about \$350m per year of extra income, according to some Congressional estimates.

It will also bring some relief to the EEC, which is seriously concerned by the export enhancement programme. This scheme, under which the Administration was required to spend up to \$2bn over three years on subsidising commercial exports by contributing extra subsidies from its stockpile of surplus commodities, was designed to win back markets lost to the community. It has now been cut to \$1bn over three years.

## Metallgesellschaft's 'vote of confidence' in LME

BY STEFAN WAGSTYL

THE London Metal Exchange, which is struggling to recover from the impact of the tin crisis, yesterday received a welcome vote of confidence from one of its biggest members and clients - Metallgesellschaft, West German metals group.

Mr Heinz Schimmelbusch, a director of Metallgesellschaft and its LME ring-dealing subsidiary Metallgesellschaft Ltd, said that it was in the interests of the group and of its customers that confidence in the LME be restored as quickly as possible. "We will play our part in making it happen as fast as possible."

On Wednesday, Metallgesellschaft announced the acquisition of fellow LME trader Henry Bath and Son from the hardpressed Australian mining company MIM Holdings. In the all-share deal, which valued Metallgesellschaft Ltd at \$34m and Henry Bath at \$2m, MIM Holdings took a 33 per cent stake in Metallgesellschaft Ltd.

Mr Schimmelbusch said the deal was "a vote of confidence" in the LME. Metallgesellschaft and MIM Holdings were both substantial producers of metal, which, together with their customers, would generate strong LME futures trading for Metallgesellschaft Ltd.

Metallgesellschaft's direct losses in the tin crisis amounted to the decline in value in its net position of 2,000 tonnes of metal. He did not quantify the loss in cash terms. But at pre-crisis prices of \$3,900 a tonne the metal would have been worth some £17.5m, at yesterday's price of \$4,700 a tonne its value would have dropped to \$9.4m.

He said the company had decided to sue to recover its money. He described the International Tin Council's default as "a far-reaching example of commercial misconduct."

Commenting on demands in the City and in Whitehall for reforms in the way the LME is managed, Mr Schimmelbusch said there was a need for strengthening the existing market, in which ring-dealing members trade with each other as principals.

The size of the exchange's emergency fund, made up of traders' deposits, could be increased. As could be the minimum capitalisation of ring-dealing members. But Mr Schimmelbusch rejected the argument that the LME needed a clearing house to insulate members from a default by one of them. A clearing-house would be more expensive to run

and less efficient, he said. Mr Schimmelbusch confirmed that Metallgesellschaft has bought some of the assets and business of Andreas Zieringer Metallhuette, Metallgesellschaft's largest German scrap merchants which went bankrupt earlier this year.

**Grant for study on Latin American debt**

GLASGOW UNIVERSITY announced yesterday that among research grants received recently totalling \$500,000, one is of \$70,000 from the Economic and Social Research Council for a study of the politics of debt renegotiation in Latin America.

The university said the grant has been awarded to Mr Philip Rodrick of the University's Institute of Latin American Studies.

The project will focus on three countries: Brazil, the largest foreign debt in the world of more than \$100bn (1985); Argentina \$48bn and Peru \$14bn.

The research will concentrate on the political and social consequences of repayments, and the influence these exert on debt renegotiation.

## LONDON MARKETS

THE IVORY Coast Government has maintained a discreet silence following reports from Brussels that it has changed its mind and is now willing to resume discussions on an international cocoa agreement, writes Peter Blackburn in Abidjan.

The reports were made following the return of EEC Development Commissioner, Mr Lorenzo Natali from a three-day visit to Abidjan during which he had talks with President Houphouët Boigny and Agriculture Minister Denis Ewe Kéroumé. Mr Natali, a long-time critic of the EEC and the Ivorian Minister of Agriculture stressing the "necessity" to reach a "satisfactory" agreement in order to ensure balanced trade in a product of vital economic importance for the Ivory Coast and other producer countries. Although London traders remain sceptical about the Ivorian intentions, confirmation yesterday of the wording of the communiqué prompted the recovery of Wednesday's sharp price fall. The May future position closed the day up at \$1,545.50 a tonne.

|                                 |  |
|---------------------------------|--|
| Mar. 13 18 <sup>00</sup> 300.47 |  |
| (Base: July 1 1982=100)         |  |
| <b>REUTERS</b>                  |  |
| 1029.8, 1024.4, 1041.1 8015.6   |  |
| (Base: September 18 1981=100)   |  |
| <b>DOW JONES</b>                |  |
| 198.99 199.43 117.76            |  |
| 198.99 194.18 118.75            |  |
| (Base: December 31 1981=100)    |  |

|                                   |       |
|-----------------------------------|-------|
| In tonne unless otherwise stated. |       |
| Mar. 13 +/- or Month ago          |       |
| <b>INDICES</b>                    |       |
| Aluminium                         | +0.28 |
| Copper                            | +0.34 |
| Lead                              | +0.10 |
| Nickel                            | +0.04 |
| Zinc                              | +0.05 |

|   |
|---|
| Official closing (am): Cash 209.2 (208.25); three months 1,008.5 (1,007.5); settlement 987 (972.5). Final Kerb 1,017.5. |
| Cash: 209.2 +/- 0.1   |
| 3 months: 1,008.5 +/- 0.5   |

|  |
|--|
| Official closing (am): Cash 862.7 (862.5); three months 4,008.5 (4,007.5); settlement 837 (822.5). Final Kerb 1,017.5. |
| Cash: 862.7 +/- 0.1  |
| 3 months: 4,008.5 +/- 0.5  |

|  |
|--|
| Official closing (am): Cash 282.5 (282.5); three months 1,208.5 (1,207.5); settlement 267 (252.5). Final Kerb 1,017.5. |
| Cash: 282.5 +/- 0.1  |
| 3 months: 1,208.5 +/- 0.5  |

|  |
|--|
| Official closing (am): Cash 182.5 (182.5); three months 708.5 (707.5); settlement 167 (152.5). Final Kerb 1,017.5. |
| Cash: 182.5 +/- 0.1  |
| 3 months: 708.5 +/- 0.5  |

|                      |
|----------------------|
| Mar. 13              |
| Opening: \$349.54610 |
| Closing: \$349.54610 |
| High: \$350.00000    |
| Low: \$349.00000     |

|                          |
|--------------------------|
| Kruggerand 1985-85 \$354 |
| 1984-84 \$354            |
| 1983-83 \$354            |
| 1982-82 \$354            |
| 1981-81 \$354            |
| 1980-80 \$354            |
| 1979-79 \$354            |
| 1978-78 \$354            |
| 1977-77 \$354            |
| 1976-76 \$354            |
| 1975-75 \$354            |
| 1974-74 \$354            |
| 1973-73 \$354            |
| 1972-72 \$354            |
| 1971-71 \$354            |
| 1970-70 \$354            |

## US MARKETS

FOLLOWING Wednesday's sharp advance, profit-taking forced gold and silver lower, reports Heinold Commodities. The stronger dollar was also a negative influence but uncertainty ahead of this weekend's Opec meeting deterred heavy selling.

| 42,000 US gallons, cents/US gallon |       |       |       |
|------------------------------------|-------|-------|-------|
| Latest                             | High  | Low   | Prev  |
| March                              | 41.82 | 41.70 | 42.20 |
| April                              | 41.82 | 41.80 | 42.24 |
| May                                | 41.82 | 41.80 | 42.24 |
| June                               | 41.82 | 41.80 | 42.24 |
| July                               | 41.82 | 41.80 | 42.24 |
| Aug                                | 41.82 | 41.80 | 42.24 |
| Sept                               | 41.82 | 41.80 | 42.24 |
| Oct                                | 41.82 | 41.80 | 42.24 |
| Nov                                | 41.82 | 41.80 | 42.24 |
| Dec                                | 41.82 | 41.80 | 42.24 |

| Close | High  | Low   | Prev  |
|-------|-------|-------|-------|
| March | 58.85 | 58.00 | 58.80 |
| April | 58.85 | 58.00 | 58.80 |
| May   | 58.85 | 58.00 | 58.80 |
| June  | 58.85 | 58.00 | 58.80 |
| July  | 58.85 | 58.00 | 58.80 |
| Aug   | 58.85 | 58.00 | 58.80 |
| Sept  | 58.85 | 58.00 | 58.80 |
| Oct   | 58.85 | 58.00 | 58.80 |
| Nov   | 58.85 | 58.00 | 58.80 |
| Dec   | 58.85 | 58.00 | 58.80 |

| Close | High  | Low   | Prev  |
|-------|-------|-------|-------|
| April | 419.2 | 413.5 | 409.5 |
| May   | 419.2 | 413.5 | 409.5 |
| June  | 419.2 | 413.5 | 409.5 |
| July  | 419.2 | 413.5 | 409.5 |
| Aug   | 419.2 | 413.5 | 409.5 |
| Sept  | 419.2 | 413.5 | 409.5 |
| Oct   | 419.2 | 413.5 | 409.5 |
| Nov   | 419.2 | 413.5 | 409.5 |
| Dec   | 419.2 | 413.5 | 409.5 |

| Close | High  | Low   | Prev  |
|-------|-------|-------|-------|
| March | 571.3 | 577.5 | 582.0 |
| April | 571.3 | 577.5 | 582.0 |
| May   | 571.3 | 577.5 | 582.0 |
| June  | 571.3 | 577.5 | 582.0 |
| July  | 571.3 | 577.5 | 582.0 |
| Aug   | 571.3 | 577.5 | 582.0 |
| Sept  | 571.3 | 577.5 | 582.0 |
| Oct   | 571.3 | 577.5 | 582.0 |
| Nov   | 571.3 | 577.5 | 582.0 |
| Dec   | 571.3 | 577.5 | 582.0 |

| Close | High  | Low   | Prev  |
|-------|-------|-------|-------|
| April | 177.8 | 177.5 | 178.0 |
| May   | 177.8 | 177.5 | 178.0 |
| June  | 177.8 | 177.5 | 178.0 |
| July  | 177.8 | 177.5 | 178.0 |
| Aug   | 177.8 | 177.5 | 178.0 |
| Sept  | 177.8 | 177.5 | 178.0 |
| Oct   | 177.8 | 177.5 | 178.0 |
| Nov   | 177.8 | 177.5 | 178.0 |
| Dec   | 177.8 | 177.5 | 178.0 |

| Aluminium | 40,000 lb. casks/lb |       |       |
|-----------|---------------------|-------|-------|
| Close     | High                | Low   | Prev  |
| March     | 228.0               | 228.0 | 228.0 |
| April     | 228.0               | 228.0 | 228.0 |
| May       | 228.0               | 228.0 | 228.0 |
| June      | 228.0               | 228.0 | 228.0 |
| July      | 228.0               | 228.0 | 228.0 |
| Aug       | 228.0               | 228.0 | 228.0 |
| Sept      | 228.0               | 228.0 | 228.0 |
| Oct       | 228.0               | 228.0 | 228.0 |
| Nov       | 228.0               | 228.0 | 228.0 |
| Dec       | 228.0               | 228.0 | 228.0 |

| LIVE CATTLE 40,000 lb. casks/lb |       |       |       |
|---------------------------------|-------|-------|-------|
| Close                           | High  | Low   | Prev  |
| April                           | 58.52 | 58.57 | 58.30 |
| May                             | 58.52 | 58.57 | 58.30 |
| June                            | 58.52 | 58.57 | 58.30 |
| July                            | 58.52 | 58.57 | 58.30 |
| Aug                             | 58.52 | 58.57 | 58.30 |
| Sept                            | 58.52 | 58.57 | 58.30 |
| Oct                             | 58.52 | 58.57 | 58.30 |
| Nov                             | 58.52 | 58.57 | 58.30 |
| Dec                             | 58.52 | 58.57 | 58.30 |

| Close | High  | Low   | Prev  |
|-------|-------|-------|-------|
| March | 223.2 | 223.2 | 221.0 |
| April | 223.2 | 223.2 | 221.0 |
| May   | 223.2 | 223.2 | 221.0 |
| June  | 223.2 | 223.2 | 221.0 |
| July  | 223.2 | 223.2 | 221.0 |
| Aug   | 223.2 | 223.2 | 221.0 |
| Sept  | 223.2 | 223.2 | 221.0 |
| Oct   | 223.2 | 223.2 | 221.0 |
| Nov   | 223.2 | 223.2 | 221.0 |
| Dec   | 223.2 | 223.2 | 221.0 |

| Close | High | Low  | Prev |
|-------|------|------|------|
| April | 32.5 | 32.5 | 32.5 |
| May   | 32.5 | 32.5 | 32.5 |
| June  | 32.5 | 32.5 | 32.5 |
| July  | 32.5 | 32.5 | 32.5 |
| Aug   | 32.5 | 32.5 | 32.5 |
| Sept  | 32.5 | 32.5 | 32.5 |
| Oct   | 32.5 | 32.5 | 32.5 |
| Nov   | 32.5 | 32.5 | 32.5 |
| Dec   | 32.5 | 32.5 | 32.5 |

| 42,000 US gallons, \$/barrel |       |       |       |
|------------------------------|-------|-------|-------|
| Close                        | High  | Low   | Prev  |
| April                        | 12.75 | 14.15 | 12.75 |
| May                          | 12.75 | 14.15 | 12.75 |
| June                         | 12.75 | 14.15 | 12.75 |
| July                         | 12.75 | 14.15 | 12.75 |
| Aug                          | 12.75 | 14.15 | 12.75 |
| Sept                         | 12.75 | 14.15 | 12.75 |
| Oct                          | 12.75 | 14.15 | 12.75 |
| Nov                          | 12.75 | 14.15 | 12.75 |
| Dec                          | 12.75 | 14.15 | 12.75 |

| 42,000 US gallons, \$/barrel |       |       |       |
|------------------------------|-------|-------|-------|
| Close                        | High  | Low   | Prev  |
| April                        | 12.75 | 14.15 | 12.75 |
| May                          | 12.75 | 14.15 | 12.75 |
| June                         | 12.75 | 14.15 | 12.75 |
| July                         | 12.75 | 14.15 | 12.75 |
| Aug                          | 12.75 | 14.15 | 12.75 |
| Sept                         | 12.75 | 14.15 | 12.75 |
| Oct                          | 12.75 | 14.15 | 12.75 |
| Nov                          | 12.75 | 14.15 | 12.75 |
| Dec                          | 12.75 | 14.15 | 12.75 |

| 11,000 lb. casks/lb |       |       |       |
|---------------------|-------|-------|-------|
| Close               | High  | Low   | Prev  |
| April               | 12.75 | 14.15 | 12.75 |
| May                 | 12.75 | 14.15 | 12.75 |
| June                | 12.75 | 14.15 | 12.75 |
| July                | 12.75 | 14.15 | 12.75 |
| Aug                 | 12.75 | 14.15 | 12.75 |
| Sept                | 12.75 | 14.15 | 12.75 |
| Oct                 | 12.75 | 14.15 | 12.75 |
| Nov                 | 12.75 | 14.15 | 12.75 |
| Dec                 | 12.75 | 14.15 | 12.75 |

| 11,000 lb. casks/lb |       |       |       |
|---------------------|-------|-------|-------|
| Close               | High  | Low   | Prev  |
| April               | 12.75 | 14.15 | 12.75 |
| May                 | 12.75 | 14.15 | 12.75 |
| June                | 12.75 | 14.15 | 12.75 |
| July                | 12.75 | 14.15 | 12.75 |
| Aug                 | 12.75 | 14.15 | 12.75 |
| Sept                | 12.75 | 14.15 | 12.75 |
| Oct                 | 12.75 | 14.15 | 12.75 |
| Nov                 | 12.75 | 14.15 | 12.75 |
| Dec                 | 12.75 | 14.15 | 12.75 |

| 11,000 lb. casks/lb |       |       |       |
|---------------------|-------|-------|-------|
| Close               | High  | Low   | Prev  |
| April               | 12.75 | 14.15 | 12.75 |
| May                 | 12.75 | 14.15 | 12.75 |
| June                | 12.75 | 14.15 | 12.75 |
| July                | 12.75 | 14.15 | 12.75 |
| Aug                 | 12.75 | 14.15 | 12.75 |
| Sept                | 12.75 | 14.15 | 12.75 |
| Oct                 | 12.75 | 14.15 | 12.75 |
| Nov                 | 12.75 | 14.15 | 12.75 |
| Dec                 | 12.75 | 14.15 | 12.75 |

| Year-to-date +/- or Business Done |         |
|-----------------------------------|---------|
| Close                             |         |
| March                             | 2500.00 |
| April                             | 2500.00 |
| May                               | 2500.00 |
| June                              | 2500.00 |
| July                              | 2500.00 |
| Aug                               | 2500.00 |
| Sept                              | 2500.00 |
| Oct                               | 2500.00 |
| Nov                               | 2500.00 |
| Dec                               | 2500.00 |

| Year-to-date +/- or Business Done |       |
|-----------------------------------|-------|
| Close                             |       |
| March                             | 12.75 |
| April                             | 12.75 |
| May                               | 12.75 |
| June                              | 12.75 |
| July                              | 12.75 |
| Aug                               | 12.75 |
| Sept                              | 12.75 |
| Oct                               | 12.75 |
| Nov                               | 12.75 |

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Opec meeting unsettles pound

Sterling lost ground in currency markets yesterday. Although finishing above its worst, it failed to recover fully from early selling. This weekend's meeting of Opec ministers had sufficient influence to unsettle the market, although some dealers were sceptical as to whether the outcome of the meeting would be bearish for the pound at all. Oil prices yesterday continued to show a firmer trend with North Sea crude quoted around \$2 a barrel above recent lows.

£ IN NEW YORK

Table with columns: Close, Mar. 13, 12 Month, 6 Month, 3 Month, 1 Month, 1 Week, 1 Day. Includes data for Sterling, Deutsche Mark, Japanese Yen, etc.

from 118.2

D-MARK - Trading range against the dollar in 1985-86 is 3.4510 to 2.1990. February average 2.5310. Exchange rate index 133.7 against 124.7 six months ago.

FINANCIAL FUTURES

Two new options

Trading began in options on long gilt futures, and US Treasury bond futures, on the London International Financial Futures Exchange yesterday, with the pit opening trading to a particularly encouraging start.

US Treasury bond futures also opened weaker, prompted by Japanese selling, but showed some strength ahead of the US retail sales figures for February.

These proved disappointing however, falling by 0.1 per cent, less than the expected range of 0.2 per cent to 0.5 per cent. In spite of a downward revision in the January figure, bond futures were again sold, to finish lower on the day.

POUND SPOT—FORWARD AGAINST POUND

Table with columns: Month, Day's spread, Close, One month, % Three months, % Six months, % One year. Includes data for US, Canada, West Germany, etc.

CURRENCY MOVEMENTS

Table with columns: Mar. 13, Bank of England, Morgan Guaranty, % Change. Includes data for Sterling, Deutsche Mark, Japanese Yen, etc.

CURRENCY RATES

Table with columns: Mar. 13, Special Drawing Rights, European Currency Unit, % Change. Includes data for Sterling, Deutsche Mark, Japanese Yen, etc.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns: Month, Day's spread, Close, One month, % Three months, % Six months, % One year. Includes data for UK, Ireland, Canada, etc.

OTHER CURRENCIES

Table with columns: Mar. 13, Argentina, Brazil, Chile, etc. Includes data for various South American currencies.

STERLING INDEX

Table with columns: Mar 13 Previous, 3.50 am, 9.00 am, 10.00 am, 11.00 am, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm. Includes data for various time periods.

EXCHANGE CROSS RATES

Table with columns: Mar. 13, £/\$, £/DM, £/FF, £/SFr, £/Lira, £/C\$, £/Yen. Includes data for various major currencies.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Mar. 13, Belgium, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, UK. Includes data for various EMS currencies.

EURO-DOLLAR INTERBANK FIXING

Table with columns: 11.00 a.m. March 13, Three months U.S. dollar, Six months U.S. dollar. Includes data for interbank fixing rates.

EURO-CURRENCY INTEREST RATES

Table with columns: Mar. 13, Short term, 7 days notice, 1 Month, Three Months, Six Months, One Year. Includes data for various Euro-currency interest rates.

NEW YORK RATES

Table with columns: (Lunchtime) Prime rate, Fed funds, Fed funds at intervention, Treasury Bills & Bonds. Includes data for New York market rates.

LONG-TERM EURO-DOLLAR INTEREST RATES

Table with columns: Mar. 13, One Year, Two Years, Three Years, Four Years, Five Years, Six Years, Seven Years, Eight Years, Nine Years, Ten Years. Includes data for long-term Euro-dollar interest rates.

MONEY MARKETS

Bank continues to resist lower rates

Interest rates showed little movement on the London money market yesterday, with three-month interbank rates at 11 1/4 per cent. The Bank of England, in its help to the market, again indicated reluctance to endorse an early cut in bank base rates, but by providing repurchase agreements, until Monday - at rates of up to 12 1/2 per cent. Discount houses were equally reluctant to sell bills without an expectation of the lower base rates.

UK clearing banks base lending rate 12 1/2 per cent since January 9

In Stockholm the Swedish central bank cut its discount rate to 8.5 per cent from 9.5 per cent, and lowered the rate on priority government bonds to 10 per cent from 11 per cent. These cuts unchanged the tranche system, introduced last November, to influence domestic market rates.

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. March 13, Three months U.S. dollar, Six months U.S. dollar. Includes data for FT London interbank fixing.

MONEY RATES

Table with columns: March 13, One Month, Two Months, Three Months, Six Months, One Year. Includes data for various money rates.

LONG-TERM EURO-DOLLAR INTEREST RATES

Table with columns: Mar. 13, One Year, Two Years, Three Years, Four Years, Five Years, Six Years, Seven Years, Eight Years, Nine Years, Ten Years. Includes data for long-term Euro-dollar interest rates.

LONG-TERM EURO-DOLLAR INTEREST RATES

Table with columns: Mar. 13, One Year, Two Years, Three Years, Four Years, Five Years, Six Years, Seven Years, Eight Years, Nine Years, Ten Years. Includes data for long-term Euro-dollar interest rates.

Contracts and Tenders

BRAZIL

ELETRORAS THIRD POWER DISTRIBUTION PROJECT

GENERAL PROCUREMENT NOTICE LOAN NUMBER 2545-BR. Eletrosul-ETRELECIDADE DE SAO PAULO S/A - is a beneficiary under a loan obtained from the World Bank, through Central Eletrica Brasileira S/A - ELETRORAS, to cover part of the electrical distribution expansion programme planned for 1985/1986.

Company Notices

Multiple company notices including BANQUE FRANCAISE DU COMMERCE EXTERIEUR, LONRHO FINANCE PUBLIC LIMITED, CAISSE NATIONALE DES TELECOMMUNICATIONS, and ART GALLERIES.

\$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 12, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified cases.

Large table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Lists exchange rates for numerous countries including Afghanistan, Algeria, Angola, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Belgium, Belize, Benin, Bermuda, Bolivia, Botswana, Brazil, Brunei, Bulgaria, Burma, Cambodia, Canada, Cayman Is., Cape Verde Is., Ceylon, Chile, China, Colombia, Comoros, Congo, Cuba, Cyprus, Czechoslovakia, Denmark, Dominican Rep., Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Faeroe Is., Finland, France, Gabon, Gambia, Germany, Gibraltar, Greece, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, Hungary, India, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kampuchea, Kenya, Korea, Kuwait, Lao PPR, Lebanon, Lesotho, Liberia, Libya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mauritius, Mexico, Monaco, Mongolia, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua N.G., Paraguay, Peru, Philippines, Poland, Portugal, Romania, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Singapore, Somalia, South Africa, Spain, Sri Lanka, Sudan, Sweden, Switzerland, Taiwan, Tanzania, Thailand, Togo, Tonga, Trinidad & Tobago, Tunisia, Turkey, Uganda, United Arab Emirs, United Kingdom, Uruguay, Venezuela, Viet Nam, Virgin Is., Yemen, Zambia, Zimbabwe.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont. DRAPERY & STORES—Cont.

Table of share prices for Building, Timber, Roads, Drapery & Stores sectors. Columns include company names, prices, and changes.

CHEMICALS, PLASTICS

Table of share prices for Chemicals and Plastics sectors.

DRAPERY AND STORES

Table of share prices for Drapery and Stores sectors.

ENGINEERING—Continued

Table of share prices for Engineering sector.

FOOD, GROCERIES, ETC

Table of share prices for Food, Groceries, etc. sectors.

HOTELS AND CATERERS

Table of share prices for Hotels and Caterers sectors.

ENGINEERING

Table of share prices for Engineering sector.

INDUSTRIALS (Miscel.)

Table of share prices for Industrial (Miscellaneous) sector.

BRITISH FUNDS

Table of share prices for British Funds.

AMERICANS—Cont.

Table of share prices for American Funds.

Five to Fifteen Years

Table of share prices for Five to Fifteen Years funds.

Over Fifteen Years

Table of share prices for Over Fifteen Years funds.

Index-Linked

Table of share prices for Index-Linked funds.

UNDATED

Table of share prices for Undated funds.

INT. BANK AND ISSUES

Table of share prices for International Bank and Issues.

COMMONWEALTH & AFRICAN LOANS

Table of share prices for Commonwealth & African Loans.

LOANS

Table of share prices for Loans.

Public Bond and Ind.

Table of share prices for Public Bond and Industrial.

FOREIGN BONDS & RAILS

Table of share prices for Foreign Bonds & Rails.

AMERICANS

Table of share prices for American stocks.

Handwritten note in Arabic script at the top center of the page.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, dividends, and other financial metrics.

LEISURE—Continued

Table of leisure and entertainment stocks including British Sky Broadcasting, British Telecommunications, and British Video.

PROPERTY—Continued

Table of property and real estate stocks including British Land, British Property, and British Home Stores.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including British American Investment Trust, British Columbia Investment Trust, and British European Investment Trust.

FINANCE, LAND—Cont.

Table of finance and land-related stocks including British American Finance, British Land, and British Finance.

MINES—Continued

Table of mining stocks including Anglo American, Anglo American Platinum, and Anglo American Gold.

OTC

Table of over-the-counter (OTC) stocks including various international and niche companies.

Notes and footnotes at the bottom of the page, including information about data sources and company announcements.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
\*First Declared Last Account
Dealing Date
Feb 24 Mar 6 Mar 7 Mar 17

A more cautious approach was deemed wise yesterday after the securing of a 45-point advance in the FT Ordinary share index over the previous two sessions.

The tone throughout the morning was easier with dealers blaming this on the lack of a follow-through on Wall Street overnight the Dow Jones index gave up an 18-point rise in the final hour of business to close virtually unchanged on balance.

Slightly disappointing quarterly results from British Telecom also cast a shadow over proceedings until announcement of the Royal Dutch/Shell preliminary offer.

Group profits in line with most analysts' projections further encouraged the oil sector, which was leading to improve on hopes that the weekend OPEC meeting could produce a formula to stabilise world oil prices.

The adverse effects of British Telecom on the FT 30-share index were more than offset by speculation of Merrill Lynch taking a similar view was later dismissed. Recent fears of a possible "windfall" tax imposition receded and NatWest spurred 42 higher to 78p with the rise helped by stock shortages.

Concern that the authorities could delay the expected cut in UK interest rates upset the market in gilt-edged securities. Exchange rate and US long bond indices also contributed to the tone which left longer-dated gilts showing widespread falls ranging to 14 points.

Clearers up again
Booyed by NatWest's performance, Lloyds advanced 25 to 58p and Barclays jumped 15 to 48p. Midland touched 47p, but later receded to finish only up to 48p.

Renewed American buying lifted the FT 100 before the close of 98p, up 8.
Buyers returned for asset value situation Courts Furnishers which advanced 20 more to 230p.

Trade slackens but equity leaders often consolidate recent gains

1900p. Schroders gained 1 more to £144 and Leopold Joseph rose 10 to 430p. Heavy Ansteecher handed a couple of pence to 78p awaiting today's annual results.

Preliminary profits from Sedgewick which fell well short of most recent optimistic forecasts prompted a fall of 17 in the shares to 39p and also brought about sympathetic reactions in other Lloyds Brokers. Stewart Wrigglesworth lost 8 to 43p. Willis Faber fell 8 to 43p.

Among recently-issued equities, Wellcome attracted good support following details of support following details of a compound which may help the treatment of AIDS and the shares touched 217p prior to closing a net 10 up.

Yesterday's USM newcomer, Weaver-Swain, a lighting and fire alarm products group, made a successful debut, placed at 13p and touched 140p before settling at 139p.

Breweries reacted to occasional profit-taking although the FT 100 was a slightly firmer tone after-hours. Allied-Lyons drifted 7 lower to 30p as investors reflected on Elders Ltd's surprise decision to discontinue its 6 per cent stake.

The Building sector's recent strong run faltered with the onset of light profit-taking. Repairs began generally small with Hine Circle just 3 cheaper at 63p and BPE Industries only 5 off at 44p.

Renewed American buying lifted the FT 100 before the close of 98p, up 8.
Buyers returned for asset value situation Courts Furnishers which advanced 20 more to 230p.

Renewed American buying lifted the FT 100 before the close of 98p, up 8.
Buyers returned for asset value situation Courts Furnishers which advanced 20 more to 230p.

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Mar. 13, Mar. 12, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, Mar. 6, Mar. 5, Mar. 4, Mar. 3, Mar. 2, Mar. 1, Year ago. Rows include Government Secs, Fixed Interest, Ordinary, Gold Mines, etc.

HIGHS AND LOWS

Table with columns: Index, High, Low, since completion. Rows include Govt. Secs, Fixed Int., Ordinary, Gold Mines.

S.E. ACTIVITY

Table with columns: Index, High, Low, Daily Change. Rows include Govt. Secs, Fixed Int., Ordinary, Gold Mines.

scheduled for next Thursday. World of Leather, quoted in the USM, improved 13 to 20p, after 20p, following the more-than-doubled preliminary figures.

Dalgety met with nervous selling and closed 18 down at 247p following the announcement that it will have to provide for an extraordinary loss of approximately £35m as a result of its involvement in tin trading.

Elsewhere in the manufacturing industrial sector, Granada ended 10 off at 272p, after 28p, on news the Bank Organisation had lost its application for a judicial review of the IBA's decision to block the latter's takeover bid.

Rank gave up 5 to 85p. In contrast, Briarport Gundry rose 9 to 184p in response to the increased interim dividend and profits, while BBA improved 5 to 225p following the preliminary figures.

Television issues again performed well. Tyne Tees were particularly firm in the wake of the good results and closed 22 higher at 157p. WWT A, interim figures on March 20, moved up 15 to 315p and HTV N/V were 14 higher at 200p.

Jaguar were extremely volatile; marked down to 45p in immediate reaction to preliminary profits slightly below market estimates, the shares subsequently attracted considerable support following encouraging notices emanating from the company's meeting with city analysts.

Among Australian mines, CRA closed 8 up at 200p. Peko Walsend 4 firmer at 350p and Western Mining a shade better at 167p.

In Golds, rises of 15 were common to GMRK and Central Resources at 39p and 37p respectively, while Poseidon, recently firm on talk of a bid from Western Mining, put on 8 to 130p.

Among speculative issues, Southern Ventures jumped 5 to 67p, Brunswick rose 2 to 25p and Paragon Resources edged up a penny to 14p.

Among Publishers, William Collins advanced 20 to 485p with the A shares 10 to the good at 523p up on balance at 42p. Preliminary figures. Elsewhere, demand in an extremely narrow market lifted Eucalyptus Pulp Mills 45 for a two-day gain.

RISES AND FALLS YESTERDAY

Table with columns: Index, Rise, Fall. Rows include British Funds, Foreign Bonds, Financial & Prop., etc.

WEDNESDAY'S ACTIVE STOCKS

Table with columns: Stock, Vol., Last, High, Low, Stock, Vol., Last, High, Low. Rows include BTR, BSA, etc.

YESTERDAY'S ACTIVE STOCKS

Table with columns: Stock, Vol., Last, High, Low, Stock, Vol., Last, High, Low. Rows include BTR, BSA, etc.

EUROPEAN STOCKS EXCHANGE

Table with columns: Stock, Vol., Last, High, Low, Stock, Vol., Last, High, Low. Rows include GOLD, SILVER, etc.

RECENT ISSUES

Table with columns: Issue, Price, Yield, etc. Rows include 1985/6, 1986/7, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Price, Yield, etc. Rows include 1985/6, 1986/7, etc.

RIGHTS OFFERS

Table with columns: Issue, Price, Yield, etc. Rows include 1985/6, 1986/7, etc.

TRADITIONAL OPTIONS

Table with columns: Option, Price, Yield, etc. Rows include 1985/6, 1986/7, etc.

EQUITIES

Table with columns: Issue, Price, Yield, etc. Rows include 1985/6, 1986/7, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Issue, Price, Yield, etc. Rows include 1985/6, 1986/7, etc.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index, Mar. 13, Mar. 12, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, Mar. 6, Mar. 5, Mar. 4, Mar. 3, Mar. 2, Mar. 1, Year ago. Rows include CAPITAL GOODS, Building Materials, etc.

FIXED INTEREST

Table with columns: Index, Mar. 13, Mar. 12, Mar. 11, Mar. 10, Mar. 9, Mar. 8, Mar. 7, Mar. 6, Mar. 5, Mar. 4, Mar. 3, Mar. 2, Mar. 1, Year ago. Rows include British Government, 5 years, etc.

YESTERDAY'S ACTIVE STOCKS

Table with columns: Stock, Vol., Last, High, Low, Stock, Vol., Last, High, Low. Rows include BTR, BSA, etc.

WEDNESDAY'S ACTIVE STOCKS

Table with columns: Stock, Vol., Last, High, Low, Stock, Vol., Last, High, Low. Rows include BTR, BSA, etc.

EUROPEAN STOCKS EXCHANGE

Table with columns: Stock, Vol., Last, High, Low, Stock, Vol., Last, High, Low. Rows include GOLD, SILVER, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Price, Yield, etc. Rows include 1985/6, 1986/7, etc.

WORLD STOCK MARKETS

AUSTRIA GERMANY NORWAY AUSTRALIA (continued) JAPAN (continued)

Table with multiple columns for various countries including Austria, Germany, Norway, Australia, and Japan, listing stock prices and changes.

CANADA

TORONTO Prices at 2:30pm March 13

Table of Toronto stock prices at 2:30pm on March 13, listing various stocks and their prices.

MONTREAL Closing prices March 12

Table of Montreal closing stock prices for March 12, listing various stocks and their closing values.

Indices

Table showing various stock indices for New York, London, and other major markets, including S&P 500, Nikkei, and others.

OVER-THE-COUNTER

Nasdaq national market, 2:30pm prices

Large table listing over-the-counter stock prices, organized by stock symbol and price changes.

LONDON

Chief price changes (in pence unless otherwise indicated)

Table of London chief price changes, listing various stocks and their price movements in pence.

ANKARA

SPECIAL SUBSCRIPTION HAND DELIVERY SERVICE

Advertisement for Ankara newspaper subscription, featuring contact information for DÜNYA and Miss Meral Erden.

ISTANBUL

SPECIAL SUBSCRIPTION HAND DELIVERY SERVICE

Advertisement for Istanbul newspaper subscription, featuring contact information for DÜNYA and Miss Meral Erden.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices as of 3pm, March 13

Main table containing stock prices for various companies, organized in columns with headers for stock name, price, and change. Includes sub-sections like 'D D D', 'C C C', and 'G G G'.



NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'Continued from Page 48' and 'WORLD TRADE NEWS'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'OVER-THE-COUNTER' and 'Continued on Page 47'.

Prices at 3pm, March 13

Continued on Page 47

FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Record run checked by profit-taking

TURNOVER in the US stock markets was much reduced yesterday, leaving share prices responding with uncertainty to weakness in federal bonds and oil futures, writes Terry Byland in New York.

At the close the Dow Jones industrial average was up 8.26 at 1,753.71.

The Dow was boosted by strong gains in tobacco stocks after what a Philip Morris executive described as "a great victory" in the industry's product liability battles.

The retail sector brightened after K mart allayed fears over retail sales with news of increased earnings in the final quarter of last year.

Oils gave up a fraction of this week's gains as several major producers disclosed plans for severe cuts in this year's capital spending plans.

The Detroit carmakers moved cautiously as the industry reported the latest sales statistics.

IBM steadied after the selling bout seen late on Wednesday, edging up 3/4 to \$149 1/2 in brisk turnover.

ture, continued to boil away in heavy trading, although the price shaded 3/4 to \$11 1/4.

Westinghouse Electric dipped 3/4 to \$50 1/4 in a cautious response to allegations of bribery on contracts in the Philippines.

This week's rise in short-term market rates brought profit-taking to banks, where J. P. Morgan lost 1/4 to \$76 1/2 and Chase Manhattan 1/4 to \$46 1/4.

Monsanto stood out in a dull chemicals sector, with a gain of 1/4 to \$59 1/4.

With federal funds trading steadily at 7 1/4 per cent, which is inside the market's preferred range, short-term and money-market rates showed little change from overnight.

The bond market was flat from the opening, as traders waited for the federal authorities to issue further economic data, and for the Opec ministers to disclose their latest views on world oil prices.

TOKYO

Undeterred by rise in margin level

HIGHER margin requirements failed to subdue hectic buying in Tokyo yesterday, with the Nikkei average scoring its 10th consecutive rise in the fourth most active trading session on record, writes Shigeo Nishimoto of Jiji Press.

The market indicator registered its seventh largest rise of 178.53 to close at 14,414.88, another record.

The Tokyo Stock Exchange raised its margin requirements by 10 per cent to 60 per cent to take some heat out of the market.

Power stocks remained popular, with Tokyo Electric Power climbing Y40 to Y470 and Chugoku Electric Power soaring Y100 to Y2,020.

Nippon Express, popular for its urban redevelopment projects, rose Y10 to Y747.

Some railways also gained ground on news of urban redevelopment projects.

Among them were Odakyu Electric Railway, Y48 up at Y750, and Keisei Electric Railway, Y31 up at Y458.

Nippon Oil jumped Y70 to Y969, while Koa Oil scored a daily limit increase of Y100 to Y700.

Bond trading was calm with most dealers retreating to the sidelines as yields on major issues tumbled below 5 per cent on Wednesday for the first time in post-war history.

Dealers are mainly bullish about the medium-term outlook of the bond market as they expect US and Japanese interest rates to go lower.

AUSTRALIA

INDUSTRIALS and gold boosted Sydney to another record high in active trading, leading the All Ordinaries index up 9.1 to 1,085.8.

Takeover activity involving BHP and Bell Resources provided much of the session's interest.

Among metal and gold mining shares CRA added 10 cents to A\$5.06.

Oil and gas stocks were also mixed with Santos up 5 cents to A\$3.85 and Bridge Oil down 5 cents to A\$1.65.

Elsewhere, CSR firmed 5 cents to A\$110, News Corp jumped 30 cents to A\$14.50, Elders EXL rose 3 cents to A\$3.55 and Lend Lease added 30 cents to A\$8.00.

EUROPE

Rate cuts continue to boost Paris

CALM SET in after the storm in Europe this week and most major bourses paused yesterday to catch their breath as profit-takers moved in to take gains.

There were some exceptions, however. Paris continued to edge higher, aided by a dip in the overnight call money rate and a fall in French inflation.

Gains were recorded despite nervousness ahead of the national legislative elections this weekend.

The rising dollar was a positive influence on export oriented food and drinks issues.

Optimism was encouraged by comments from Bank of France Governor Michel Camdessus over the possible abolition of exchange controls, made possible by successful deflationary policies.

Madrid posted a record rise on the back of enthusiasm fostered by Spain's convincing vote to remain in Nato.

In shares traded, 86 rose while two fell.

Utilities were the rally leaders while banks also put in a fine performance.

After a favourable position-squaring session on Wednesday, Milan climbed to a peak yesterday in extremely heavy trading.

The Banca Commerciale Index surged 21 1/2 to a record 635.89.

Some major issues, including Banca Commerciale, Buitoni and Banco di Roma, were suspended after exceeding the permitted 20 per cent daily gain.

Ericsson gained SKr 2 to SKr 285 ahead of its 1985 results, Volvo added SKr 3 to SKr 309.

Eisenhower bourses turned mixed to lower on profit-taking.

In Frankfurt, the Commerzbank index slipped 8.5 to 2,088.5 as only a few minor gains were recorded.

Chemical issues were hardest hit with drops of DM 8 to DM 342 recorded for Bayer, DM 5.60 to DM 319.80 for BASF and DM 5.40 to DM 323.50 for Hoechst.

Banks were mixed as profit-taking offset the decline in interest rates.

Bonds eased as investors consolidated their position. The Bundesbank gave sizeable encouragement, purchasing DM 165.9m worth of domestic paper after selling DM 71.4m in the previous session.

Royal Dutch was the favourite after announcing lower profits for 1985 but a higher dividend. It added Ft 6.80 to Ft 187.50.

Bonds were lower where changed. Profit-taking clawed at gains in Zurich and Brussels.

Swissair dropped Sfr 35 to Sfr 2,095 after higher profits, an increased dividend and a rights issue proposal.

ACTIVE trading saw Toronto trade lower after the record gains in the previous session.

Much of the decline was led by gold, metals and mining. Lac Minerals traded 67 1/2 off at C\$22 1/2, Noranda C\$4 to C\$38 1/4, Dome Mines C\$4 to C\$32 1/2 and Alcan C\$4 1/2 to C\$47 1/2.

In Montreal, industrial and bank shares traded slightly down, while utilities generally showed small gains.

LONDON

CAUTION dominated London following Wednesday's record rise.

However, some equity leaders were able to consolidate gains and the FT Ordinary index closed 0.1 off at 1,349.7.

The pace slackened early on after British Telecom announced disappointing third-quarter results.

Banks, however, showed some good gains in active trading on news that NatWest, up 4 1/2p at 783p, was the subject of a "buy" recommendation.

Concern that the expected cut in UK interest rates could be delayed left longer-dated gilts with widespread falls ranging to 1/4.

Chief price changes, Page 47; Details, Page 46; Share information service, Pages 44-45.

HONG KONG

BARGAIN-HUNTERS took Hong Kong sharply higher after the sharp falls in the properties led the advance and the Hang Seng index closed 22.30 higher to 1,812.87.

At the end of the session Hutchinson Whampoa was 40 cents up to HK\$24.20, Jardine Matheson 30 cents to HK\$11.80 and Swire Pacific 75 cents to HK\$30.75.

Banks closed mixed with Hang Seng down 25 cents at HK\$44.50, East Asia unchanged at HK\$19 and Hongkong and Shanghai up 15 cents at HK\$7.70.

SOUTH AFRICA

GOLDS continued to firm in Johannesburg as the bullion price showed further strength. Trading, however, was quiet and gains were generally light.

Among golds Buffelsfontein added R2.50 to R74.25, Free State Consolidated was R1.25 up at R31.50, Gold Fields firmed a similar amount to R40.25 and Driefontein rose 25 cents to R52.50.

The higher trend was reflected in other minings, with Rustenburg Platinum adding R1 to R31.50 and diamond share De Beers 30 cents to R20.10.

Mining financial Anglo American closed 55 cents higher at R42.

Industrial closed generally mixed. AECI added 50 cents to R11.00, Barlow Rand 10 cents to R15.30, while Rembrandt slipped R1 to R50.

SINGAPORE STOCK EXCHANGE

Despondency sets in as bull run ends

FORCED selling of blue-chips yesterday pushed the Singapore stock market to its lowest levels in six years as growing despondency overtook investors, writes Chris Shurtell in Singapore.

Bankers and broking analysts said the fall appeared to end a period of false buoyancy after the sharp plunge in prices which followed the unprecedented closure of the market in early December.

The three-day shutdown was a reaction to worries over forward share dealings by Pan-Electric Industries, a local company then being placed into receivership. It generated concern about the viability of local broking firms at a time when the Singapore economy was contracting for the first time in 20 years.

Many analysts now believe the market will continue its decline, which they say is attributable to a squeeze by nervous bankers on troubled brokers and to growing concern about political developments in neighbouring Malaysia.

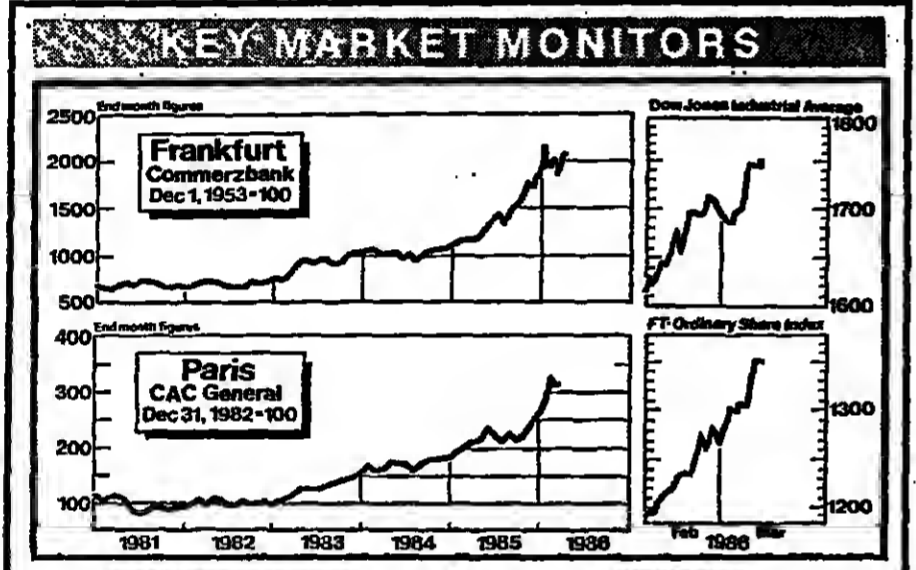
The OCBC index of 55 stocks - the best guide to market performance - fell another 12.17 points yesterday to 424.48, a level not seen since early 1980.

The more widely watched Straits Times index of 30 industrial stocks fell 17.08 points to 584.86, a 43-month low.

Yesterday's fall of the Straits Times index below the psychological 600-barrier was the second since the market's closure. Before Christmas the index hit 598.18, but it has since remained above 600, thanks largely to strong buying interest in Singapore International Airlines, the national flag carrier which offered shares to the public in November.

Although volume was not heavy yesterday, selling was across-the-board and many blue chips fell. Pressure by bank creditors on brokers filtered through to their clients, and margin calls led to the forced selling. Compounding the difficulty was the sale of shares by brokers being forced into liquidation - so far four firms are victims of the forward-share contract debacle, and more may follow.

Latest worries over Malaysia focus on the resignation of Datuk Musa Hitam as Deputy Prime Minister, due to take effect this weekend, and further bombings in the East Malaysian province of Sabah, making emergency rule from Kuala Lumpur more likely.



Tables for STOCK MARKET INDICES (NEW YORK, LONDON, TOKYO, AUSTRALIA, AUSTRIA, BELGIUM, CANADA, DENMARK, FRANCE, WEST GERMANY, HONG KONG, ITALY, NETHERLANDS, NORWAY, SINGAPORE, SOUTH AFRICA, SWITZERLAND), CURRENCIES (US DOLLAR, STERLING, Yen, FF, SF, Lira, Dr), INTEREST RATES (Euro-currency, US Fed Funds, US Treasury), TREASURY, Treasury Index, FINANCIAL FUTURES (CHICAGO, US Treasury Bonds, US Treasury Bills, EUROPEAN), and COMMODITIES (Silver, Copper, Coffee, Oil, GOLD).

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